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ABSTRACT

This report examines the origins, development, content, and implementation of state-level policies that were designed to establish or strengthen educational accountability and effectiveness in the 15 states that are members of the Southern Regional Education Board (SREB). It provides state-by-state profiles of legislation and policies, explaining the context and content of such initiatives in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. In the last decade, most SREB states have passed legislation calling for accountability in higher education. In seven states accountability legislation requires periodic reporting on a cluster of performance indicators. In some states, initiatives also require the development of assessment plans and activities, and in some cases specific assessments are mandated. Several policy options for dealing with the projected growth in enrollments, declining state appropriations, and increased expectations for quality and accountability are discussed. (MDM)

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ED 377 763

# Assessing Quality and Effectiveness of Higher Education

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# *Assessing Quality and Effectiveness of Higher Education*

**WORK IN PROGRESS**

**Grady Bogue**
**Joseph Creech**
**John Folger**

592 Tenth Street, N.W. • Atlanta, Georgia 30318-5790 • 1993 • $8.00

SREB

**Southern Regional Education Board**

## Foreword

This study of state-level policies related to higher education accountability and effectiveness was conducted by John Folger (*Emeritus Professor*, Institute for Policy Studies, Vanderbilt University), Grady Bogue (*Professor*, Department of Educational Leadership, the University of Tennessee, Knoxville), and Joseph D. Creech (*Associate Director*, Office of Educational Policies, SREB). This report examines the origins, development, content, and implementation of state-level policies that were designed to establish or strengthen educational accountability and effectiveness in SREB states. Policies established after March 1993 may not be included in this report.

State higher education agencies provided copies of legislation and policies related to higher education assessment and accountability to update information compiled and reported by Gale F. Gaines, *Associate Director for State Services*, SREB. The format for Table 2 is based on a design by Ms. Gaines. In addition to these documents, Dr. Bogue and Dr. Folger conducted telephone interviews with higher education officials in SREB states to obtain their perspective on the policies. Copies of the full report, including detailed state-by-state profiles, are available from SREB at $8.00 per copy.

We appreciate the cooperation of state higher education agencies in providing background material and information and for reviewing drafts of state profiles. Thanks also to Anne Li (SREB *Data Analyst*) and Bobbi Johnstone (a University of Georgia graduate intern at SREB) for their assistance in the collection and review of source material and the production of this report.

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# EXECUTIVE SUMMARY

**BY THE YEAR 2000—**

***The quality and effectiveness of all colleges and universities will be regularly assessed with particular emphasis on the performance of undergraduate students.***

***Goals for Education***
**CHALLENGE 2000**

Higher education has entered the 1990s with intense pressures to control costs, improve quality, and serve more students. More students are seeking college, but there has not been a comparable increase in state dollars to invest in their education. Colleges and universities in the SREB states accounted for almost 40 percent of the nation's collegiate enrollment growth over the last decade. However, economic conditions and increased competition for state revenues produced a decline in the percent of the region's state and local government revenue dedicated to higher education—from 9.2 percent in 1984-85 to 8.4 percent in 1989-90.

## *Shifts in State Policy*

In the 1960s and 1970s, state higher education policy centered on the planned expansion of higher education and the promotion of equity in access. In the 1980s, the focus shifted to improving quality. Goals included:

- Improving the pre-college preparation and readiness of college students;
- Assessing the cost and effectiveness of remedial programs;
- Increasing minority participation and success;
- Improving teacher preparation;
- Promoting centers of excellence;
- Increasing the number of outstanding faculty via endowed chairs;
- Stimulating research initiatives and business partnerships to strengthen economic development;
- Developing more effective strategic plans with specific goals and measures of progress.

Some of these goals were supported by special funding, but most of the special funds were reduced or eliminated as state revenues declined in the 1990s.

In the 1990s, state policy interests moved toward:

- The assessment of educational performance and outcomes;
- The development of new higher education accountability measures;
- The improvement of management and educational productivity;
- The refocus and revision of campus missions and the reallocation of resources from lower to higher priority programs.

**TABLE 1**
**HIGHER EDUCATION ACCOUNTABILITY AND ASSESSMENT REPORTING**

| | Annual Comprehensive Accountability Report | Assessment of Student Learning Required | Report on Goal Progress as Part of State Plan | Budget Connection |
|---|---|---|---|---|
| Alabama | None | Recommended by state agency; being developed | None | No |
| Arkansas | Legislative requirement | Yes | Being incorporated | Proposed |
| Florida | Legislative requirement | Yes | Yes | Indirect |
| Georgia | Incorporated in planning process | Yes | No | No |
| Kentucky | Legislative requirement | Yes | Yes | Proposed |
| Louisiana | Legislative requirement | Entry level placement tests | Yes | No |
| Maryland | Incorporated in master plan | Yes | Yes | Yes |
| Mississippi | None | Under consideration | Under consideration | – |
| North Carolina | Legislative requirement | Yes | Yes | No |
| Oklahoma | Incorporated in master plan | Yes | Yes | Yes |
| South Carolina | Legislative requirement | Yes | Yes | Indirect |
| Tennessee | Legislative requirement | Yes | Yes | Yes |
| Texas | Legislative requirement; incorporated in plan and budget | Yes | Yes | Proposed |
| Virginia | Incorporated in master plan | Yes | Yes | Indirect |
| West Virginia | Legislative requirement | Yes | Yes | Indirect |

This shift in policy focus comes in part from greater competition for state revenues from health care, corrections, and elementary/secondary education. The increased interest in accountability also is connected to a the public's diminishing trust in higher education—state leaders feel that higher education's priorities do not correspond to public priorities. The public

has expressed more interest in improving undergraduate education, but higher education administrators and faculty, especially at "flagship" institutions, appear to be emphasizing research and graduate programs.

## *Legislative Initiatives for Higher Education Accountability*

In the last decade, most SREB states have passed legislation calling for accountability in higher education. As a result of interests expressed by governing boards and/or legislators, state higher education agencies in other states have taken the lead in developing accountability policies. In seven SREB states (Arkansas, Florida, Kentucky, Louisiana, South Carolina, Tennessee, and West Virginia), accountability legislation requires periodic reporting on a cluster of performance indicators. In Maryland, North Carolina, Oklahoma, Texas, and Virginia, legislation called for state higher education agencies (or a task force established in the legislation) to develop and report on measures of higher education's effectiveness. In Georgia, legislation was proposed but did not pass. The University System of Georgia has established a strategic planning process for assessing and reporting on the effectiveness of higher education. In some states, initiatives also require the development of assessment plans and activities and, in some cases, specific assessments are mandated (for example, assessment of general education knowledge and skill). Because of executive and legislative interests in increased productivity, special studies have been conducted to determine faculty workload and/or the time it takes students to earn a bachelor's degree.

In most states, these accountability measures were preceded by new accreditation requirements from both regional and specialized accrediting agencies. Requirements for accreditation shifted to institutional effectiveness and institutions are directed to identify improvement goals, assess progress toward the goals, and take specific actions to achieve them.

A few states, Tennessee, for example, have linked assessments and plans to budgets, so that specific funds are provided to encourage and reward improvement. Performance funding can have a built-in accountability.

## *Current and Future Policy Options*

Several policy options for dealing with (1) growth in enrollments, (2) level or declining state appropriations, and (3) increased expectations for quality and accountability are being considered and/or adopted in most states. They include:

- Increasing tuition and fees to make up for decreased revenues from state government, but these actions may reduce educational opportunity unless accompanied by increases in student aid;
- Eliminating duplicative programs and closing institutions have been proposed in some states, but the politics are difficult;
- Reorganizing or major restructuring of higher education governance to achieve a more efficient system; and,
- Redesigning educational delivery systems to make them more effective and economical.

Serious discussion of these major alternatives for dealing with the altered political and economic environment has taken place in a few states, but there is little agreement within and among states about which choice is best. Clearly, higher education is at a moment in its history where incremental changes may not suffice—a moment that requires re-invention and innovation to meet the challenge of the future.

*(Continued on page 9)*

## Table 2
## Legislatively Required Accountability Reporting

| | Arkansas | Florida |
|---|---|---|
| Background | Legislation in 1987, 1989, and 1991 required testing of general education outcomes, established annual report on effectiveness of the delivery of higher education, beginning 1992. | State Board of Education began a performance indicator project in early 1980s; 1991 legislation required an annual report that monitored performance in instruction, research, and public service at the system level. |
| Standards and Goals | Developed by Department of Higher Education in consultation with institutional representatives. Broad areas specified in legislation. | Legislation specified nine goals:<br>■ Total student credit hours produced, by institution and discipline;<br>■ Total number degrees awarded, by institution and discipline;<br>■ Total number of contact hours of instruction produced, by faculty rank, course level, and institution;<br>■ Pass rates on professional licensure exams, by institution;<br>■ Institutional quality as assessed by surveys of alumni, parents, and employers;<br>■ Length of time required to complete credits for an academic degree, by institution;<br>■ Enrollment, progression, retention, and graduation rates, by race, gender, and disability;<br>■ Analysis of student demand for courses;<br>■ Classroom utilization. |
| Reporting Requirements | Legislative requirements:<br>■ Assess institutions in student achievement and research accomplishment.<br>■ Administer a "rising junior" test.<br>■ Job placement, job retention, and wage rates.<br>■ Comparisons with peers (in other states) on: GRE, LSAT, GMAT, NTE, MCAT, etc.<br>■ Programs that could be internationally competitive.<br>■ Annual report to governor and legislature. | Legislative requirements:<br>■ Credit hours produced, by institution and discipline.<br>■ Total degrees awarded, by institution and discipline.<br>■ Total contact hours of instruction, by faculty rank, institution, and course level.<br>■ Pass rates in professional licensure exams.<br>■ Follow-up surveys of alumni, parents, and employees.<br>■ Time to earn degree and number of credits, by institution and degree.<br>■ Enrollment, progression, retention and graduation, by race and gender.<br>■ Analysis of student demand for courses;<br>■ Classroom utilization.<br>Goals and measures are associated with most of the required measures. |
| First Report | 1992 | 1992 |

## Table 2
## Legislatively Required Accountability Reporting

| | Kentucky | Louisiana |
|---|---|---|
| Background | A 1991 state strategic plan called for "reports on the results of higher education." 1992 legislation mandated systematic annual evaluation of quality and effectiveness. Reports required on 14 indicators specified in legislation. | 1986 Legislation required institutions to test English and math skills of entering students. In 1991, the Board of Regents established policies for a uniform reporting system, master planning process, and program review and evaluation process. 1993 legislation mandated development of a plan for institutional accountability. |
| Standards and Goals | Established by Kentucky Commission on Higher Education in consultation with the institutions. | The 1993 legislation established the Public Higher Education Advisory Committee (comprised of representatives of the Board of Regents, the three systems, and individual institutions) to design a plan for an accountability process and report recommendations to governor and legislature by March 30, 1994. |
| Reporting Requirements | Legislative requirements:<br>■ Total student credit hours, by institution and discipline.<br>■ Degrees awarded, by institution and discipline.<br>■ Instructional contact hours, by institution, faculty rank, and course level.<br>■ Pass rates on professional licensure examinations.<br>■ Institutional quality as measured by follow-up surveys.<br>■ Time and credits required to complete academic degrees, by institution and degrees.<br>■ Enrollment, persistence, retention, and graduation rates, by race, gender, and disability.<br>■ Analysis of student demand for courses.<br>■ Classroom utilization.<br>■ Faculty workload.<br>■ Research and public service activities.<br>■ Number and percentage of accredited programs and programs eligible for accreditation.<br>■ Students in remedial courses; students exiting remedial courses and successfully completing entry-level courses.<br>■ Two-year transfer students completing four-year degree. | Legislative requirements:<br>■ Total student credit hours produced, by institution and discipline.<br>■ Total number of degrees awarded, by institution and discipline.<br>■ Total number of contact hours of instruction produced, by faculty, institution, rank, and course level.<br>■ Faculty workload.<br>■ Pass rates of professional licensure exams, by institution.<br>■ Institutional quality as assessed by follow-up surveys of alumni, parents, and employers.<br>■ Length of time and number of academic credits required to complete academic degree, by institution and degree.<br>■ Enrollment, progression, retention, and graduation rates.<br>■ Analysis of student demand for courses.<br>■ Evaluation of remedial and developmental programs; total number of students in remedial courses, and those students exiting remedial courses and successfully completing entry-level courses.<br>■ Student transfers between two-year and four-year institutions. |
| First Report | 1993 | 1994 |

## Table 2
## Legislatively Required Accountability Reporting

| | Maryland | North Carolina |
|---|---|---|
| Background | 1988 legislation required each institution to submit a "Performance Accountability Plan" to include: statement of outcomes expected, quantifiable indices of student academic performance, other performance objectives in addition to student learning. Annual reporting required. | 1989 legislation directed UNC Board of Governors to measure effectiveness of:<br>1) student learning;<br>2) faculty quality and development,<br>3) progress on mission achievement. Plans for assessment developed by 1990-91; annual assessments 1991-1995. |
| Standards and Goals | Established by Governing Board and approved by Commission on Higher Education. Process involves extensive consultation with institutions. | Standards established by UNC Board of Governors; institutions developed goals which were approved or disapproved by UNC Board of Governors. |
| Reporting Requirements | Report format and definitions not specified in legislation. Institution reports must include:<br>■ Minority enrollment and achievement<br>■ Student outcomes and achievement<br>■ Comprehensive financial plans and cost-containment information<br>Guidelines for reports are issued by Commission on Higher Education. | Legislative requirements are not specific, but UNC Board of Governors has developed:<br>■ Measures of academic preparation of entering students;<br>■ Measures to assess general education;<br>■ Measures to assess learning in the major;<br>■ Specialized accreditation reviews and internal program reviews;<br>■ Student retention and graduation;<br>■ Student rating of teaching;<br>■ Access to higher education by ethnic status;<br>■ Degrees awarded, by level;<br>■ Organized research volume;<br>■ Community service awards. |
| First Report | 1992 | 1992 |

## Table 2
## Legislatively Required Accountability Reporting

| | South Carolina | Tennessee |
|---|---|---|
| Background | 1988 "cutting edge" legislation established a strategic planning, goal-setting, and evaluation process. 1992 legislation mandated annual report on achievement. | In 1980 five performance funding requirements were established that were tied to budget. 1984 legislation initiated annual benchmark reporting on 15 measures; not tied to the budget. Challenge 2000 legislation in 1989 mandated reporting in 11 areas; not tied to budget, but some measures similar to performance funding. |
| Standards and Goals | Established by South Carolina Commission on Higher Education in consultation with institutions. | Established by Tennessee Higher Education Commission in consultation with institutional boards. |
| Reporting Requirements | Legislative requirements:<br>■ Number and percentage of accredited programs and programs eligible for accreditation.<br>■ Number and percentage of students who complete their degree program.<br>■ Percentage of lower-division courses taught by full-time faculty, part-time faculty, and graduate assistants.<br>■ Students in remedial courses; students exiting remedial courses and successfully completing entry-level courses.<br>■ Percent of graduate and upper-division undergraduate students participating in sponsored research program.<br>■ Placement data on graduates.<br>■ Minority student enrollment; change over five years.<br>■ Student transfers between two-year institutions and four-year institutions.<br>■ Pass rates and scores on professional licensure examinations.<br>■ Information on institutional role and mission.<br>■ Alumni satisfaction. | Legislative requirements:<br>■ Number and percentage of accredited programs and programs eligible for accreditation.<br>■ Percentage of students accepted from those applying; percentage meeting admissions standards; average ACT scores of newly admitted students.<br>■ Number and percentage of students who complete their degree program.<br>■ Number of degrees awarded, by discipline.<br>■ Percentage of lower-division courses taught by full-time faculty, part-time faculty, and graduate assistants.<br>■ Students in remedial courses; students exiting remedial courses and successfully completing entry-level courses.<br>■ African-American student enrollment; change over five years.<br>■ Pass rates and scores on professional licensure examinations.<br>■ Job placement rates of vocational program graduates.<br>■ Student transfer between two-year institutions and four-year institutions.<br>■ Alumni satisfaction. |
| First Report | 1989; 1993 for new legislation | 1990; 1993 for modified report |

## Table 2
## Legislatively Required Accountability Reporting

| | Texas | West Virginia |
|---|---|---|
| Background | 1989's Education Opportunity Plan with biennial reporting was required by legislature. In 1989 and 1991 legislature mandated a performance funding program that provides performance accountability measures. The 1991 legislation mandated strategic planning and goal-setting as the basis for budget justification. Accountability mandates are reflected in several different documents. | In 1988 higher education was reorganized; legislature directed new Governing Boards to develop accountability plans. |
| Standards and Goals | Established by Texas Higher Education Board in consultation with legislation and institution. | Developed by Governing Boards in consultation with institutions and with legislative approval. |
| Reporting Requirements | Under development. | Legislative requirements:<br>■ Student entrance examination scores.<br>■ Percentage of freshmen in developmental courses.<br>■ Student grade point average and/or appropriate testing measures.<br>■ Graduation rates, by institution and for athletes, by sex and athletic program.<br>■ Pass rates on professional licensure examinations.<br>■ Student mobility.<br>■ Students on academic or athletic fee waivers, by institution and by resident and non-resident status.<br>■ Number of degrees granted, by institution.<br>■ Enrollment, by institution, program, resident/non-resident status, sex, and race.<br>■ Expenditures per student.<br>■ Student/faculty and student/administrator ratios.<br>■ Faculty and administrator rank and experience, by institution, minorities, and women.<br>■ Faculty turnover.<br>■ Percent of classes taught by adjunct and part-time faculty.<br>■ Campus crime statistics. |
| First Report | 1991 on Educational Opportunity | 1992 |

"State-level policies" are those adopted by legislative action, executive order, or formal action of statewide governing or coordinating boards and apply to public colleges and universities. "Educational accountability and effectiveness policies" are policies that:

- Define strategic goals and initiatives for a state and require a public report on the achievement of those goals;
- Require establishing institutional goals and reporting to the public on progress in achieving those goals;
- Require and/or support specific actions designed to improve the quality of higher education;
- Mandate assessment and/or evaluation of educational programs and services and a report to the public on results and how these findings were used to improve programs, policies, and service;
- Call for design and implementation of programs to strengthen program or personnel productivity and a report to the public on results.

The Southern Regional Education Board's survey of state higher education agencies and review of state policies and legislation shows that:

(1) The emphasis in the SREB states has shifted from funding programs designed to improve higher education to ways of increasing productivity and accountability. Special funding initiated in the 1980s for program improvement, recruitment of eminent faculty, and other improvements has been greatly reduced or eliminated in the 1990s in almost all SREB states.

(2) Twelve SREB states (Arkansas, Florida, Kentucky, Louisiana, Maryland, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia) have adopted some legislation on higher education accountability in the last five years. Performance indicator reporting is a central part of recent legislation in Arkansas, Florida, Kentucky, Louisiana, North Carolina, South Carolina, Tennessee, Texas, and West Virginia; in other states (Georgia, Maryland, Oklahoma, and Virginia), strategic plans require reports to the public on progress in achieving objectives. Only two SREB states (Alabama and Mississippi) do not have periodic comprehensive reports on higher education achievement and effectiveness.

(3) Most SREB states now require annual reports from institutions on specific indicators of institutional, student, and faculty performance. In some states, these indicators are tied to specific goals in statewide plans and institutional missions. In others, the indicators provide general information (for example, the number of degrees awarded by field) that give a partial picture of institutional operations and outcomes and the general condition of education.

(4) Annual reporting by public institutions of information about a uniform set of indicators (such as completion rates of entering students, or proportion of freshmen being taught by regular faculty) is new. In seven of the states that require reports, the first report was made in 1992 or later.

(5) In most states, indicators include some measures of students' performance in their major and/or in general education and alumni evaluation of their college experience.

(6) In all states, indicators related to undergraduate education are emphasized, although most states also have measures of research and public service activities.

(7) Most of the reports require some new data collection and developing standard defini-

tions and formats for presenting data. (For example, *What is the definition of a "degree-seeking student"?* And *What is a uniform procedure for determining the percent of entering students who graduate?*)

(8) Tennessee has a series of measures that are tied directly to budget consequences—*performance funding*—and Texas has mandated (but did not fund) a similar approach. In all other states, there is no direct connection between accountability reports and budgets, although reports may influence budget decisions.

(9) Indicators being reported in most states give a partial and very general picture of the operation and outcomes of colleges and universities.

State higher education officials generally agree that formal accountability processes are here to stay. There is also skepticism that the current forms of accountability reporting will have a positive impact on the way that institutions are managed or on the state policy-making process. While most states have just begun to make annual reports, questions are already being raised about who will use them and what purpose they serve beyond the symbolic ones of openness and accountability.

Accountability reporting is a substantial requirement; it takes time and effort by institutions and state agencies to develop common definitions and reporting formats, and to collect, summarize, and report the data. States require these reports as the basis for judgment about the adequacy of their higher education systems. Adequacy has to be judged against expectations and standards. Those states that have connected their accountability reporting to strategic plans and goals should have a more useful framework for judging adequacy than those who have not.

The test of the value of accountability reports is twofold: (1) Do the reports lead to improvement in campus operations and student learning? (2) Does the report contribute to better policymaking and decisions at the state level?

## *An Evaluation of Policy Impact*

For most state-level accountability policy initiatives, an evaluation of their impact has not yet occurred.

- Have state policies, for example, produced constructive and substantive educational changes at the campus level, or have campus responses been largely cosmetic and adaptive?
- Has the implementation of state accountability policies led to increased awareness of, confidence in, and support of higher education?
- Are political and educational leaders using the extensive accountability reporting?
- Do states have policies that support improvement in both favorable and unfavorable economic times and do these policies survive changes in leadership at the executive level?

# STATE LEVEL POLICIES RELATED TO ACCOUNTABILITY AND EFFECTIVENESS PROFILES OF SREB STATES

The 1980s focus of educational policymaking was on reform and improvement of education at all levels—K-12, vocational-technical, and higher education. A series of studies: *The Need for Quality* (1981), *A Nation at Risk* (1983), *Involvement in Learning* (1984), *Reform of the Curriculum* (1984), made a compelling case for improvement. Both before and after these national studies, most SREB states conducted special studies of their educational systems and developed plans for improving them. The central focus of reform in many states (for example, Arkansas, South Carolina, Virginia, Tennessee, Florida, Texas) was on the K-12 system, but higher education had a part in most of the improvement plans.

All Southern states had ongoing higher education planning efforts before the 1980s, and reform and improvement proposals were often built into the plans. Plans became more specific and "strategic" in the 1980s. Strategic plans take specific account of changing state needs and conditions, and the goals in the plans are more specific. Assessment of progress on achieving goals is a part of several state plans. In some SREB states, the plan is the base upon which the budget is built, and the budget is the major means of implementing the plan.

Higher education policy goals in the early 1980s emphasized improving teacher education programs, strengthening science and engineering education, and developing more coherent and effective general education programs. Concern about the amount of remedial work offered by four-year colleges and universities spurred legislative and governing board actions to establish higher standards for admissions and to strengthen college preparatory programs of study. Specific goals to improve minority access and completion rates were developed.

Special appropriations are targeted for specific programs of activities to improve quality: centers of excellence, a Quality Improvement Program in Florida, and matching state funds for endowed professorships. Along with money for improvements came increased interest in outcomes and results. The National Governors' Association *Time for Results* (1988) expressed state leaders' expectations that there would be measurable indicators of progress—educators were asked to "show us what the additional money is buying."

As the economy moved into recession at the end of the 1980s, state interest in saving money and increasing productivity grew. The emphasis shifted from the selective improvements of the 1980s to the selective cuts of the 1990s. Current plans and policies place more emphasis on developing sharper institutional missions, and eliminating duplicative and inefficient programs.

One of the more significant changes in the climate for higher education during the decade of the 1980s was the emergence of state-level policy initiatives related to assessment and accountability. A 1990 report from the Education Commission of the States stated: "Twenty-seven states report having in place an 'assessment initiative' consisting of legislation or board policy...At least an additional half dozen say they 'encourage' or 'provide active leadership' for assessment through sponsored conferences, limited grant support, or similar activities." *The Chronicle of Higher Education 1992 Almanac* reports that 19 states "require public colleges and universities to set up programs to assess what students learn in college."

States have approached institutional accountability in varied ways. In some states, legislation requires that all institutions report on a specific set of performance indicators. In oth-

ers, legislation requires reports on institutional effectiveness, but calls for higher education coordinating agencies or governing boards to work with institutions in developing specific performance measures. Another approach is that assessment of quality and effectiveness is an institutional responsibility evidenced by accreditation and students' choices of which institutions to attend. All states require all institutions to be fiscally accountable.

## The Environment for the Nineties

### *Economic Conditions and Enrollment Growth*

In the 1980s, most SREB states enjoyed economic good times and state revenues grew sufficiently to meet demands. Higher education (and other state-funded programs) competed for a share of a bigger pie. In the early 1990s, state revenues have grown less and (in some cases not at all). This means that higher education must compete with other state priorities (including health care, K-12 education, criminal justice, prisons, etc.) for a slice of a pie that is not much, if any, larger.

Strong resistance to increasing taxes in most states, and the uncertainties of economic growth indicate that there will be little or no increase in inflation-adjusted state appropriations for higher education for the remainder of the 1990s. In some states, appropriations may not even keep up with inflation.

At the same time that funds have been very tight (SREB states—Alabama, Florida, Kentucky, Louisiana, Texas, Virginia, and West Virginia—had appropriations increases that were less than inflation in 1992-1993), enrollments have been growing. In the six years from 1984 to 1990, enrollment in public colleges and universities in the SREB states grew 17 percent. In Alabama, Georgia, and Kentucky, growth exceeded 30 percent; only Louisiana and Oklahoma had less than five percent growth. About half the enrollment growth was in the region's two-year colleges which now enroll 37 percent of all students. At the same time, appropriations actually declined in at least one of the past three years in all but SREB states (Arkansas, Louisiana, Oklahoma, and West Virginia).

The prospects for the 1990s are for additional enrollment growth. The number of high school graduates is projected to increase by about 10 percent in the region. Older adults are still coming back to school in increasing numbers to get credentials for new and different jobs. Much more dramatic will be the increasing numbers of Hispanics, African Americans, and Asian Americans enrolling in or desiring access to postsecondary education.

All of this means that a bigger and more complex educational job will probably get a smaller share of state revenues by 2000. Higher education got 9.2 percent of total state local expenditures in 1981; by 1991, it got only 8.4 percent, as competing state functions required more money. Some of the shortfall was made up by increases in tuition, which grew about 22 percent in constant dollar terms during the past decade. One scenario for the decade of the '90s is continually rising public tuition to help cover the budget gap that will exist if state appropriations don't grow. If educational opportunity is to be maintained for low income students, higher tuition will have to be offset by proportional increases in student financial aid, but that too will cost money. This means less of the revenue from higher tuition will be available to meet other needs. Higher tuition is causing students and their parents to push for more faculty attention to undergraduates. Questions about the quality and relevance of college degrees are likely to be more frequent in 1990s.

In the past decade, a number of states provided special funding for a variety of quality improvements. These included money for "centers of excellence" to sharpen campus missions and concentrate resources on areas of strength; for better science and engineering education; for better undergraduate education; for better teacher preparation; for new

technology for instruction; and other state priorities. When appropriations get tight, the funding of these special programs usually disappears or is greatly reduced, even though the need for the programs may be as great or greater than before.

*Decline in Public Trust*

Public opinion polls have shown that trust in all institutions has declined. The public still gives relatively high marks to educators as compared with legislators, business leaders, or bureaucrats, but the skepticism about the commitment of higher education to the public interest rather than its self-interest has risen in the last two decades.

Examples of unethical behavior by a few faculty and administrators and "exposés" of educational mismanagement have been frequent enough to reduce the public trust in higher education as a whole. Increases in tuition changes, claims of more classes being taught by graduate students and part-time or adjunct faculty, and reduced teaching/work loads for full-time faculty fuels criticism.

One way that legislators have responded to public criticism of the way colleges do their jobs is to increase legislative oversight of public activities. Almost all states now conduct performance, as well as fiscal, audits. Like other government functions, higher education is being scrutinized more than ever before.

*New Management Strategies*

Governing boards of higher education institutions are also being challenged to exercise their oversight responsibilities more effectively. Most board members are familiar with the new planning and management approaches that are being espoused as necessary to success in a global economy. They are pushing institutions to adopt more effective planning, goal-setting, assessment of output, and other "quality management" principles.

*The Role of Accreditation*

Accreditation has been the traditional approach to quality assurance in higher education. In 1984, the Southern Association of Colleges and Schools adopted new accrediting criteria, which require institutions to have clear goals related to their educational missions and programs, assess progress toward those goals in a systematic way, and be able to demonstrate that they are using the results of assessments to improve their programs.

Requirements for periodic assessment of educational outcomes are also found in a majority of specialized accreditation agencies (for example, nursing, architecture, several allied health fields). The major purpose of accreditation-based assessment is to improve programs or institutionals, while a major emphasis of state assessment is accountability. But, the two overlap, and accreditation requirements reinforce the importance of institutional assessment.

Economic, demographic, and socio-political influences of the 1990s will require new policies and new ways for colleges and universities to operate. A number of observers believe that conditions demand major changes in higher education financing and management. Assessment and accountability requirements are also likely to change as new state policy initiatives take shape.

## The Development of State Policies on Improvement and Accountability Policies

Planning for the growth and development of higher education has been a basic function of all state higher education agencies in the region since they were first established. Higher education planning has changed substantially in a majority of the SREB states in the last decade.

Plans put forth in the 1960s and 1970s were usually statements of general aspirations, and

had little influence on funding or improving the quality of higher education. Strategic plans that emerged in the 1980s were more useful in guiding institutional development. They examined potential effects of external influences (for example, demographic and economic conditions); reviewed internal resources; and identified specific goals and ways to assess and report progress toward them. Provisions were made for frequent updating of the plan as conditions changed. Some plans developed linkages with the budget process.

In a majority of SREB states, current plans are linked more closely to state budgets than were earlier ones. Some recommend special funding for activities designed to achieve goals, and several recommend rewards and incentives for reaching goals. While most of the special purpose funds have not been available because of the budget crunch of the early 1990s, states use planning documents to determine resource allocation and to enunciate an interrelated series of policy goals.

During the 1980s the emphasis on defining and differentiating institutional missions increased. There was a growing awareness that: a) institutional and local community ambitions had led to more degree programs, especially graduate and professional programs, than are needed or that can be supported at a high quality level; b) support of multiple small programs costs more than supporting a small number of large programs; and c) both quality and costs goals can be achieved best when institutions focus on fewer but better programs.

When measures of progress toward goals and objectives are incorporated into the budgeting process, state level plans have more potential to guide improvements in higher education. This linkage also allows for more consistent and mutually reinforcing state and institutional objectives.

State plans in the mid-1980s emphasized establishing of goals to improve quality and to provide needed services; more recent plans emphasize cost control, faculty productivity, sharper missions, and re-allocation of resources. Improvement goals in most SREB states included efforts to expand participation and completion rates for minorities; raise admissions standards; and strengthen selected academic programs.

### *Improving Minority Access and Success*

During the 1980s and 1990s, there has been continuing concern for increasing access and success for blacks, Hispanics, and Native Americans, who are participating in higher education and graduating at lower rates than majority students. Prodded by the courts, plans and programs for the access and success of these underserved groups have become more specific. Nearly all of the SREB states have specific plans with measurable goals. Policies include more financial aid, programs to make campus cultures more accepting of minorities, and programs to increase minority academic success and persistence. Specific goals to increase minority faculty and student recruitment and retention have been established and, in most states, are being monitored annually. The federal government and a number of SREB states have provided funds for programs designed to increase minority success. Several states, including the Tennessee performance funding process and the Texas performance funding proposal, reward institutions that increase minority participation and success.

### *Establishing Higher Standards for Admission and Retention*

In the early 1980s, better preparation of entering students was a major emphasis, and most states adopted requirements for additional science, math, and language preparation in high school. Participation in advanced placement (AP) courses in high school more than doubled in all, but one of the SREB states between 1984 and 1991. Some states raised entrance test score and high school Grade Point Average requirements for entry into some, or all of the

public four-year colleges and universities. Better prepared entrants are more likely to graduate on time, and this saves both student time and institutional costs.

Most recently, attention has focused on retention and graduation rates. Studies in several states show that half or fewer of the full-time entrants to college graduate within six years, and percentages of minorities who graduate are lower than majority rates. Tennessee is providing incentives to universities and community colleges for increased graduation rates, and several other states have proposed special programs to raise minority graduation rates.

States have also sought to get increased attention to undergraduate education and to more effective achievement of general education outcomes, such as improved communications, critical thinking, and problem solving skills. Florida provided additional funding for more writing instruction, and several states have mandated assessment of general education outcomes.

***Strengthening Selected Programs***

Most of the initiatives to improve selected programs were developed in the 1980s, although a few were started before then. Special funding is targeted toward improving science and engineering education; establishing "Centers of Excellence" aimed at achieving national recognition in specific fields of study; matching state grants for private funds to endow professorships; and, providing funds for research and program activities important to state economic development. The amount allocated for these programs may be a very small percent of a state's total budget for higher education (1 to 2 percent) although they may represent 10 to 30 percent of the "new" money available.

These special purpose funds were often drasti-cally reduced or eliminated in the appropriations downturns of the 1990s. One of the weaknesses of special purpose funding is that it is vulnerable to budget cuts, even though the need for the program may be just as great in hard times as in good.

***Assessing Institutional Effectiveness***

Recently, assessing the effectiveness of higher education has drawn a great deal more attention, both at the campus level and the state level. Institutions in the SREB states have been challenged, both by state policy and by accreditation, to report on outcomes of the educational process. They have also been challenged by the SREB goals project, which identified goals for both K-12 and higher education. Reporting on outcomes requires campuses to devise ways of measuring complex educational processes and outcomes. While assessment is believed to be essential to the improvement of teaching and learning, states and institutions are still devising ways to use assessment results to guide improvement activities.

Institutions have used program reviews by outside experts for many years, for example, reaccreditation visits. Assessments at the program level can be very useful in guiding change. Data at the institutional level are generally less useful for academic improvement, because institutional summaries and averages may conceal wide variations in the programs of most colleges.

States need information that will help them make policies and monitor the effectiveness of existing policies, but state-level data are not always very useful for institutional management or program improvement. A decade of increased assessment activity has produced some guidelines about differences in data that are needed at the state level for policy-making and at the institutional level for program improvements (Jones and Ewell, 1992).

Most of the state assessment requirements began by requiring institutions to develop a

process for assessment, but details of what to assess and how were left to each institution, or to agreements worked out among the institutions and the state higher education agency. In the last five years, however, accountability and assessment requirements have become more specific about what is to be measured and greater uniformity of definitions and reporting formats.

Traditionally, standards and quality of educational programs have been an institutional responsibility. Most state leaders support this tradition, but they also feel that colleges and universities should be accountable for effective and economical operations and should report to the public on results—especially when the state is being asked for more money to improve quality.

Approaches to accountability include:

- Certification and licensing of programs by the state is a form of mandated accountability (that is, licensing of institutions to provide teacher education). Licensure of graduates is also a form of accountability that can attest to the adequacy of the program as well as the individual graduates.

- Accreditation is one form of quality assurance, and program reviews with outside experts is another version. These are audits of program (or institutional) performance. In the case of accreditation, the audit is made of achievement of specified standards. Since this type of quality assurance is done at the program level, it can be useful in guiding specific improvement activities.

- Performance funding requires accountability by making allocations of dollars contingent upon certain activities or outcomes. The Tennessee program makes the most extensive use of the budget as an accountability tool, but a majority of the states have made some use of the budget to reward institutional behavior or to provide penalties for failure to perform.

- Accountability can be accomplished through state-level planning and a goal-setting process. Plans that report on progress toward goals provide information that can help policymakers and the public assess how higher education in the state is doing. State plans usually include recommendations about major issues that are state priorities, such as teacher education, minority access and progress, or improving undergraduate education. When the plan includes reports on the way the state is achieving goals of the plan, the plan is also an accountability report.

- Within the past five years, 10 of the 15 SREB states (Arkansas, Florida, Kentucky, Louisiana, Maryland, North Carolina, South Carolina, Tennessee, Texas, and West Virginia) passed legislation requiring higher education to report annually on a number of performance measures. These reports contain information for each public institution as well as a state-level summary by type of institution (for example, universities, community colleges). Table 2 summarizes, by state, the indicators included in the annual reports.

- As part of their ongoing state planning activities, Georgia, Oklahoma, and Virginia include reports on progress which also serve accountability purposes. Only Alabama and Mississippi do not have any formal, systematic state-level periodic accountability reporting

- The plans in states include a report on indicators of performance and information on goal achievement.

Higher education is being asked to report on different kinds of outcomes in which members of legislatures and/or governing boards are interested. The questions being asked and the kinds of information requested include:

- *Are entering students prepared for college?*
  The information requested usually includes the number and percent of students being placed in remedial courses, success rates of students in those courses, how many sections of remedial courses are offered, and if college credit is granted for them.

- *What happens to students who enroll in colleges and universities? What percent complete programs? What do they do after graduation?*
  Institutions and state agencies have been asked to provide persistence, graduation, and transfer rates; the percentage of graduates who are employed or who enroll in graduate and professional schools; and, results of surveys of student and alumni satisfaction.

- *What do graduates of colleges and universities know and what can they do?*
  Identifying and assessing student learning outcomes is the most controversial and most difficult part of higher education accountability. National education goals call for increases in the proportion of college graduates who demonstrate an advanced ability to think critically, communicate effectively, and solve problems. Few states or institutions have come to a consensus on what is to be measured to demonstrate these skills nor on how to measure them.

  Some states have developed examinations or adopted national tests to measure aspects of student learning (for example, the Florida CLAST, the Georgia Regents testing program, Tennessee's use of ACT-COMP). Other indicators of learning outcomes being used include student performance on licensure examinations (CPA, NLN, NTE, for example) and entrance examinations to graduate and professional schools (GRE, MCAT, GMAT, LSAT, etc.); and, the degree to which employers are satisfied with graduates they hire.

  Another measure requested to indicate the quality of programs offered are the results of peer reviews and achievement of program, as well as institutional, accreditation.

- *Is higher education meeting minority enrollment goals?*
  Indicators of progress include reports by ethnicity and gender over time on percentage of high school graduates who enroll, graduation and persistence rates, degrees awarded, and transfer rates. In most SREB states, much of this information on student progression was required by courts in the requests for reports on progress toward desegregation of higher education.

- *Is higher education using its physical and human resources effectively?*
  Information relevant to this question includes data on classroom utilization, use and condition of physical facilities, financial accounting for funds, faculty workload and productivity, and administrative expenditures and staffing. Most attention has been focused on obtaining information that indicates the amount of teaching being done by faculty at different levels (lower division, upper division, or graduate students).

- *How is higher education assisting the state in responding to economic and social conditions of the 1990s and beyond?*
  Information is requested on the supply of and demand for graduates being prepared to work in specific fields, such as science and engineering, health care, and teaching. Other indicators include the amount of funding attracted by universities for research and development and the degree to which institutions are involved in local and statewide economic development activities.

Some educators are skeptical about the potential of this information to improve either campus improvement or state decision-making about higher education. As states acquire experience with this first generation of

accountability reporting, it will be important to get answers to the following questions:

- Does accountability information provide an accurate picture of the condition of a state's system of higher education and of each institution in that system?
- Who uses the reports? How? Is the information used to monitor important state policies or progress toward important goals?
- How well does the information serve state planning and policymaking needs?
- Does the accountability process affect or inform the budget process and allocation of resources?
- Do accountability reports include useful information about results of higher education activities such as student achievement, impact and products of research efforts, and public service contributions?
- What information can states share about efficient and effective ways to collect information?
- What are the best ways to report the information to the different intended audiences?

Legislators, members of governing boards, and the public want answers to questions about the quality and effectiveness of higher education. Similarly, colleges and universities and systems of higher education have information they want to share with the public and policymakers about their success and actions they are taking to improve their operations. The trick in making accountability work is to reach agreement on the appropriate questions to be asked and the information to be gathered that will contribute to a better understanding of higher education's role and mission and the results it achieves.

# PROFILES OF

# STATE-LEVEL POLICIES

# RELATED TO HIGHER EDUCATION

# ACCOUNTABILITY AND EFFECTIVENESS

## ALABAMA

### The Context

Alabama has a relatively large number of public institutions, compared to other states of similar population. There are 16 four-year institutions and 36 two-year institutions. There are governing boards for individual four-year campuses and for systems of four-year campuses (The University of Alabama System is an example). The two-year colleges are governed by the Alabama State Board of Education and administered by the Alabama Department of Postsecondary Education. The Alabama Commission on Higher Education serves as the coordinating board for Alabama.

Alabama experienced the highest rate of enrollment growth of any SREB state in the period 1984-1990—a 31.0% increase compared to the SREB average of 17.0%. Alabama is one of six states in the SREB region that experienced an increase in percent of state expenditures for higher education in the period 1984-85 to 1989-90 (from 9.9% to 10.5%), according to the *SREB Fact Book on Higher Education 1992*. It ranked second only behind
Arkansas in the percentage of increase
(102.4% compared to the SREB average of 61.9%) for state support of higher education operating funds in the period 1982-83 to 1992-93. And according to a 1993 publication of *Grapevine*, Alabama ranks second among SREB states in state appropriations per $1,000 income dedicated to higher education.

There have been some legislative and executive policy initiatives related to higher education accountability in Alabama, although not all have met with complete success. As a part of its coordinating agency responsibilities, the Alabama Commission on Higher Education has adopted a number of policies related to master planning, to information management/reporting, and to program review; the policies are similar to those found in other states with coordinating boards having master planning responsibilities.

Five policies adopted by the Commission deal with higher education accountability.

#### Institutional Effectiveness

A policy originally adopted in 1988 and affirmed in the 1991 master plan requires institutions to submit an annual planning statement to the Commission. This statement is to describe the campus outcomes assessment program and the results of such assessments. While earlier statements submitted to the Commission were specifically monitored for the assessment component, at present the assessment results are not a priority review item for the Commission. However, the Commission does have a project underway to promote public and legislative awareness of ongoing assessment activities on the campuses.

The Commission promulgated guidelines for general education requirements in 1988. These guidelines specified completion of courses in oral and written communication and in college-level mathematics. The guidelines also specified there should be courses taken from the areas of "cultural heritage, aesthetics, and quantitative and inductive methodologies: humanities; fine arts; social/behavioral sciences; natural science; and computer instruction."

#### External Standards

The Commission is encouraging the exploration of an external standard of educational performance, a measure of student achievement similar, perhaps, to those currently in effect in Georgia (the Regents

Test) and Florida (the College Level Academic Skills Test). At the time of this writing, however, no assessment is required by the Commission or by statute.

**Articulation**

The 1991 master plan encourages all senior institutions to have articulation agreements with associate degree-granting institutions by 1995. To support this effort, the Commission received $1.25 million in the 1993-94 appropriations bill to expand a Computer-Based Articulation Program developed by Troy State University to a statewide program. This program will allow students and counselors at two-year institutions to request and receive transfer guides listing required courses for the completion of a specific degree program offered by the four-year institutions, along with a list of courses offered by the two-year institutions that will transfer to the four-year institution as required course equivalents. This information will be provided electronically to the student in the form of a contract which the four-year institution will agree to honor for three years.

**Program Viability Standards**

Since 1990, the Commission has been involved in a project to identify programs for review based on minimum viability standards of the annual average degrees conferred by institutions over a five-year period (1984-85 through 1988-89). The standards varied by degree level: Diploma, Certificate, Associate, and Baccalaureate, 5; Master's, 2.5; Specialist, 2; and Doctoral 1.5. Standards will be escalated by 50% during the next review cycle as follows: Diploma, Certificate, Associate, Baccalaureate, 7.5; Master's, 3.75; Specialist, 3; and Doctoral, 2.5.

The initial review of four-year institutions has been completed, and the review of the two-year institutions is still in preliminary stages. As a result of the four-year analysis, 777 programs were identified for review, which was approximately one-third of the programs in the Commission's Academic Program Inventory. Of the 777 programs reviewed, 477 were continued, 177 underwent significant structural changes (merged or consolidated with other programs, made options in other programs, placed on inactive status) and 123 programs were terminated.

**Incentive Funding**

In earlier years, the Commission also was involved in several fiscal incentive programs, including an eminent scholars program for endowed chairs. However, a number of policy questions have arisen over the allocation of these funds and reductions in budgets have generally meant the elimination or serious curtailment in most of these fiscal incentive programs.

**Summary**

In Alabama, tax revenues are earmarked for education and, by tradition, are split between K-12 and higher education in the same proportion each year. The allocations to institutions are based on a formula, but "adjustments" are made by the legislature in response to political pressure. The Commission's planning function was connected to some special purpose funding in good economic times, but these special purpose funds have been reduced or eliminated in the current economic downturn.

## ARKANSAS

Arkansas is developing accountability and improvement policies that are similar to those in most other Southern states. The Arkansas Department of Higher Education (ADHE) is implementing a series of legislative actions that deal with student admission, placement, and remediation; with the development of general education; and with assessment of learning outcomes. The Department of Higher Education has been mandated by 1991 legislation to have an Office of Accountability, with responsibility for reporting on student outcomes and accomplishments.

### The Context

Arkansas, a state of approximately 2.5 million population, operates 10 four-year universities and 21 two-year institutions. The two-year colleges have separate governing boards, as do many of the four-year campuses. And, some governing boards are responsible for system operations (The University of Arkansas system, as an example). The Arkansas Department of Higher Education has both coordinating and regulatory responsibilities for higher education in the state. Between 1984 and 1990 enrollment growth at Arkansas' public institutions was higher than the SREB average (20.3% compared to 17.0%).

Arkansas has a relatively low per capita income (77% of U.S. average), but ranks 4th among SREB states in state appropriations for higher education per $1000 of personal income. The percent of state general revenues dedicated to higher education decreased in the period 1984-85 to 1989-90 (from 17.8% to 17.1%). Arkansas led all SREB states in the increase of government expenditures for higher education operating expenses in the period from 1982-83 to 1992-93 (108.9% compared to the SREB average of 61.9%).

### Accountability

Arkansas enacted higher education legislation with accountability features in 1987, 1989, 1991, and 1993.

The 1987 legislation required the institutions of higher education to develop testing programs for all incoming freshmen, and to assign students who were below cut-off points established by the ADHE to remedial programs in math, reading, and English composition. Progress of remedial students has to be assessed and reported.

In 1989, ADHE was directed to establish uniform reporting on revenues and expenditures for intercollegiate athletics and to develop an annual report on the graduation rates of intercollegiate athletes. Also during this session, the legislature required each university to establish a minimum core of general education courses. These could be different for each institution, but had to be approved by the ADHE. In addition, each institution had to develop an assessment plan to determine how feedback would be used in curriculum modifications and how well students were learning the core. By 1992, all institutions had ADHE-approved assessment plans.

In 1991, the legislature established an Office of Accountability in the ADHE, to "publish annual campus-by-campus assessments of student achievement and research accomplishment, and provide information for future performance goals for each campus." The legislature also called for:

(1) In 1992 and each year thereafter, issue an annual report on assessment results.

(2) Support of pilot projects in at least one four-year and one two-year institution to develop assessment methodology for measuring institutional outcomes.

(3) Developing a rising junior test which would be administered by each institution.

(4) Developing ways of measuring job placements, student satisfaction, and wage rates, and of reporting results.

(5) Comparing Arkansas graduates with graduates of other states on NTE, GRE, MCAT, LSAT, and licensure exam results.

(6) Identifying programs that could be internationally competitive by 2001.

(7) Offering assistance to private institutions in Arkansas that participate in Office of Accountability programs.

In 1993, three pieces of legislation were enacted that relate to accountability in higher education. ADHE was authorized to establish uniform cost accounting standards for all academic departments, and institutions were required to report academic department and program revenues, expenditures, and productivity using those uniform reporting standards. New minimum admissions standards also were adopted, which institutions are required to begin implementing in 1997-98. The third legislative action in 1993 focused specifically on the "rising junior" examination.

The ADHE is combining the new accountability requirements with their ongoing planning process. The new strategic plan (1994-99) will identify those goals that will be emphasized, and the budget process is being modified to provide incentives in the FY95 and subsequent budgets for achieving state goals and performance objectives. A task force of institutional representatives is helping to design productivity and performance goals that will be a part of the strategic plan.

**Improvement**

The state strategies for improvement include both strategic and master planning, which has been underway for a couple of decades. The new strategic plan will be linked more closely to both budget requests and to assessment results as they become available. Budgeting is being modified to include special purpose incentive funds that can be linked to goals in the strategic plan. The improvement of high school graduates' preparation for college has been a decade-old mandate, and the provision of remedial courses has also been going on for about 10 years. A new unit record system will allow tracking students to determine effects of remedial programs, retention rates for all students, and the proportion of entering students who graduate in six years.

Planning, budgeting, and assessment are being tied together, and this should provide the possibility for tracking the improvement of education.

## FLORIDA

Florida has been very active in legislative policymaking for higher education for at least three decades. Many of the policies have been regulatory, frequently in the form of budget provisos. Florida has also included special purpose funds to encourage a variety of improvement objectives. Along with these budget-based policies have come reporting and accountability policies. Florida has been among the most active states in trying to measure institutional performance in a number of dimensions, to require institutional and system planning, and to push for both higher quality and greater efficiency.

### The Context

Florida's 9 universities (with a tenth new university now in the early stages of being established) operate under the Board of Regents, State University System of Florida, a governing board. For its population base of almost 13 million, Florida maintains a relatively modest number of four-year schools compared to other SREB states. The 28 two-year community colleges have individual governing boards and are coordinated by the state Community College Board. A postsecondary planning commission conducts policy studies for both public and private sectors. All are subject to the general oversight of the State Board of Education. Florida experienced a public institution enrollment growth for 1984-90 that was above the SREB average (24.2% compared to 17.%). In the 1980s, Florida had the largest population growth (32.7% compared to SREB average of 13.55%) of any SREB state. Florida is one of the most populous states in the SREB region, ranking only behind Texas, and this population is still growing rapidly. Florida has a relatively high per capita income (99% of the U.S. average), but it makes the lowest tax effort of SREB states, in expenditures for higher education per $1000 of personal income. It ranks below the SREB average (56.2% compared to 61.9%) in the increase of governmental expenditures for higher education in the period 1982-83 to 1992-93, and it is one of 11 states that experienced a decline in percent of governmental expenditures for higher education (6.5% to 5.7%) in the period 1984-85 to 1989-90.

The State of Florida has a history of legislative activism on policies related to higher education. Over the past two or three decades, Florida has developed a number of regulatory policies that include legislation related not only to finance but also to academic program and curriculum matters. In 1991, for example, legislation was enacted that provides for "systematic ongoing evaluation of quality and effectiveness" in the state university system, in the community colleges, and the K-12 system. More specific descriptions follow.

#### Productivity and Accountability in the University System

The central recent concerns of the legislature have been over efficiency and productivity. They want to assure that faculty will teach enough at the undergraduate level. They also want to assure that students can complete a degree without taking more credits and time than the 120-128 credit hour, four-year standard. Some legislators believed that difficulties in scheduling required courses were one reason some students took longer, and cost the state more, to get a degree. Community college transfer students were also believed to have to take more courses and retake some to get a degree.

In 1991, the legislature established faculty credit hour production targets in the budget that were to be met at each campus. These were met in 1991-92, but the legislature did not pass the management flexibility legislation being sought by the Board of Regents for each of its campuses. The legislature then took another $12.4 million out of the FY94 budget for administration as a way of requiring greater

efficiency. These legislative actions were contrary to what some higher education leaders felt were agreements that had been made beforehand.

The first accountability report mandated by the 1991 legislation from each part of higher education (community colleges and state university system) was provided in December 1992. The university report is a formidable document, several hundred pages long with more than a hundred tables covering the accountability measures for each of the nine universities in the system. Each university's individual accountability plan is contained in a second document.

Florida universities have a very extensive computerized data base, but the new plan will require the addition of other information and will involve additional data collection and reporting costs. Florida also has about a decade of experience in reporting on performance indicators in K-12, community colleges, and universities. The State Board of Education began the Indicators of Progress toward Excellence in Education reports in 1984. The 20+ indicators for universities were of four types: input (faculty salaries, per student revenues), process (community college transfer rates, number of hours and time to complete degrees of various students), outcomes (program accreditation, test scores on the College Level Academic Skills Test, licensing pass rates, scores on graduate and professional entry tests), and reputation (quality ratings by national groups).

A parallel system of reporting, using different measures, was used in the community colleges. While these university and community college indicators were not directly tied to the budget, they could be used to inform the policy debate about state funding priorities, as well as to provide information that might be used in campus planning activities.

**Improvement Initiatives**

Florida has a history of over 15 years of special funding of quality improvement objectives. These began in the 1970s with funding for centers of excellence, followed by the Quality Improvement Program (QIP). Between FY79 and FY89, over $131 million was provided to State University system universities through QIP. The special funding has provided for a number of different goals, including more funding for undergraduate education, increasing emphasis on writing, law school improvement, improving faculty salaries, recognizing and rewarding excellence in teaching, and other institutionally determined priorities consistent with their plans.

Throughout the 1980s there was emphasis in plans of the system and the individual campuses on sharpening institutional missions. There was also an emphasis on efficiency and productivity, especially in the late '80s and '90s, when recession reduced revenues. Among the concerns addressed in plans and in budget provisions was enabling students (especially transfers from the community colleges) to complete their programs without taking extra hours, confining remedial work to the community colleges, except in special circumstances, and improving the pre-college preparation of high school graduates, so there would be less need for remedial work. During the decade, the universities increased their admissions requirements and students entering the university system were better prepared. Transfers from community colleges were completing their programs as rapidly as "native" students in the late 80s and early 90s.

In the late 1980s and 1990s, productivity concerns centered on the faculty workload, particularly on undergraduate teaching. The emphasis of the legislature shifted from providing financial incentives for

quality improvement to budget provisos that required institutions to meet productivity targets in credit hours produced, and provisos aimed at reducing administrative expense.

Florida's universities and community colleges have also had an extensive program review process in operation for more than a decade. Program reviews are done as part of program accreditation and in programs that don't have specialized accreditation organizations. Program reviews are conducted in fields when the state plans indicate the need for new programs, as well as in fields where there is excess capacity. Results of program review inform state and institutional plans, and have led to more focused missions and the consolidation or elimination of a number of small and relatively unproductive programs.

**Summary**

Florida's legislature has been the most active among the SREB states in adopting policies and funding designed to achieve state objectives for the improvement of higher education, especially the universities, and increasing productivity (in terms of amount of teaching per faculty member). The state has also sought to get better evidence about the functioning of the system, and the adequacy and quality of its outputs through indicators and now through a mandated accountability plan.

The emphasis has shifted in the last five years from funding quality objectives to increasing productivity. The next five years may see the extension of these productivity and accountability efforts, although there is pressure to decentralize more responsibility, and give more flexibility to campus management.

## GEORGIA

### The Context

In Georgia there are 19 four-year schools and 28 two-year colleges. All of the public four-year colleges and most of the two-year colleges are operated by the Board of Regents of the University System of Georgia. However, some of the two-year schools are operated by the State Department of Education, Department of Adult and Technical Education, several of which have been accredited at the college level by the Commission on Colleges of the Southern Association of Colleges and Schools. In the period 1984-1990, Georgia experienced the second highest enrollment growth (30.9% compared to SREB average of 17.0%) among SREB states, and a population growth (third in the region) of 18.6%.

Georgia experienced an increase in state appropriations for higher education of 78.2% in the period 1982-83 to 1992-93, an increase above the SREB average of 61.9%. However, the percent of government expenditures for higher education declined from 7.9% to 6.6% in the period 1984-85 to 1989-90. In appropriations per $1,000 of income, Georgia ranks 12th among the 15 SREB states.

The Board of Regents, a constitutional governing board, has enjoyed a historic climate of relative independence in its management of higher education. Accountability policy initiatives in Georgia have their impetus primarily in the Board of Regents, and there have been no legislative mandates.

### Special Funding Initiatives

While not directly focused on accountability goals, the University of Georgia System operates an "Eminent Scholars Program" in which $250,000 in state dollars may be applied to match $750,000 in institutionally generated funds to create an endowed chair. In addition, in 1989, the Board of Regents proposed a "special funding initiative" designed to serve the following goals:

(1) Augmented contribution of higher education to economic and community development.

(2) Expanded services to the southern part of Georgia.

(3) Higher quality and more accessible teacher education programs and services.

(4) Expanded nursing programs.

(5) More aggressive institutional pursuit of external funds for equipment.

(6) Upgrading of research and instructional capacity.

(7) Encouragement of regional inter-institutional cooperation and coordination.

Funds appropriated for the special funding initiative included approximately $10 million for fiscal year 1989 and $14 million for fiscal year 1990. However, these funds have been eliminated in recent fiscal years, as state appropriations for higher education have been reduced. In the initial years of funding, campuses could access these funds via a special request that details how the funds will be applied and meet certain program goals specified by the chancellor of the system.

The Georgia Board of Regents requires the system's colleges and universities to measure their effectiveness. In 1992, the Regents' central office issued three manuals suggesting ways institutions might assess degree programs and general education and has conducted workshops for faculty and administrators on assessment and how to implement it on campus. The assessment effort is focused at the institutional and departmental levels. There are no prescribed systemwide outcomes.

**Summary**

In Georgia, policies for accountability and for improvement have been the responsibility of the Board of Regents. The Regents have maintained a differentiated system of institutions (with only four universities operating at the doctoral and advanced professional level) and have controlled doctoral and advanced professional program proliferation more than any other Southern state. Pressures for accountability from the legislature have been minimal. The Regents have put more emphasis on strategic planning in recent years and in assuring that individual campuses have clear missions.

## KENTUCKY

### The Context

Kentucky operates 8 public four-year universities and 14 two-year colleges. Each four-year institution has its own governing board and the two-year campuses are operated by the University of Kentucky. The Kentucky Council on Higher Education serves as the coordinating board for higher education in the state. In the period 1984-1990, Kentucky experienced the third largest enrollment increase (30.5% compared to 17.0%) in SREB states;
this enrollment increase occurred despite little or no population growth during the 1980s.

Kentucky increased appropriations for higher education in the 1982-83 to 1992-93 decade by 69%, slightly above the SREB average of 61.9%. Kentucky is also one of six SREB states that experienced increases in percent of state and local government expenditures going to higher education in 1984-85 to 1989-90 (from 9.4% to 9.8%). Kentucky ranked 8th among SREB states in 1992-93 in state appropriations for higher education per $1000 of personal income.

### Planning and Improvement

The first systemwide strategic plan for Kentucky higher education was developed in 1985 and required each institution to have a strategic plan that established institutional priorities. While a limited number of institutions had plans at that time, they now all have such plans consistent with system goals and with an update process in place.

The 1985 systemwide plan recommended centers of excellence and endowed chairs as part of its quality improvement goal. For this purpose, in the 1986-88 biennium the legislature appropriated $1.8 million in annually recurring funds for centers and a one-time endowment of $2.0 million for chairs. The first year was used to establish guidelines for these first-ever competitively awarded grants. In 1987-88, six centers and four chairs were awarded.

Other policy actions to improve quality were: a) raising entrance requirements; b) promoting cooperation between two-year and four-year campuses; c) focusing institutional missions to support state-level goals; d) setting measurable goals for quality improvement; and e) realigning program review criteria and standards to use explicit measures of quality and identifying a nucleus of undergraduate programs. Individual campuses, within the context of their missions and priorities, were responsible for implementing the new provisions within existing resources.

The current Strategic Plan for Higher Education in Kentucky, 1991-1996 focuses on seven visions for higher education 1) priority setting through planning to meet new levels of quality with existing resources, 2) cooperation among institutions in combining and coordinating resources, 3) articulation regarding transfer of credit among different institutions, 4) promotion of and rewards for quality instruction, 5) development of appropriate policy and budgeting decisions to support educational reform, 6) coordination and judicious application of new technology, and 7) addressing the link between accountability and adequate funding to achieve new levels of quality. The goals of the current plan are similar to the earlier plan in that they address quality, effectiveness, equal opportunities, attainment, school reform, and economic development.

Specific quality improvement initiatives include institutional program reviews that give greater emphasis to incorporating outcome measures in the assessment of quality and strategies for improving programs. A follow-up procedure will be implemented to monitor actions to improve quality. In addition to the continuation of centers of excellence—1993-94 marks the sixth consecutive year of specially-targeted funding for the enhancement of Kentucky's professional engineering programs. By the end of the 1992-1994 biennium, $5.1 million in non-state funds will have been matched by $5.1 million in state funds to improve equipment and instrumentation and to retain faculty in engineering.

**Effectiveness and Accountability**

The 1991-1996 Strategic Plan called for periodic reports on the "results of higher education," communication among institutions for the purpose of exchanging information about "successful strategies to measure institutional effectiveness," and the development and implementation of the Council's Kentucky Accountability Enhancement Program. It served as the precursor to the 1992 legislation which called for ongoing, systematic evaluation of institutional progress toward meeting 14 performance standards:

(1) Total student credit hours produced, by institution and by discipline;

(2) Total number of degrees awarded, by institution and by discipline;

(3) Total number of contact hours of instruction produced by faculty, rank of faculty, institution, and course level;

(4) A measure of faculty workload to include the hours spent on the following activities: instruction, course preparation, non-instructional student contact, research, and public service;

(5) Pass rates on professional licensure examinations by institution;

(6) Institutional quality as assessed by follow-up surveys of alumni, parents, clients, and employers;

(7) Length of time and number of academic credits required to complete an academic degree, by institution and by degree;

(8) Enrollment, persistence, retention, and graduation rates by discipline and by race, gender, and disability. The disability category shall include all students who are clients of vocational rehabilitation and students who make their disability known to the institution.

(9) Analysis of student demand for courses;

(10) Classroom utilization;

(11) Research and public service activities, including activities supporting elementary and secondary education reform;

(12) The number and percentage of accredited programs and the number and percentage of programs eligible for accreditation;

(13) The percent and number of students enrolled in remedial courses and the number of students exiting remedial courses and successfully completing entry-level curriculum courses;

(14) The number of full-time students who have transferred from a two-year, postsecondary institution and the number of these students who have successfully completed a four-year program.

The Council on Higher Education, in cooperation with university presidents and their designees, established a process for responding to the legislation. The implementation plan, supplemented by a detailed procedures manual, defines the data elements related to the standards and outlines how the information will be collected and reported, classifies each indicator as a quantitative or qualitative measure of overall accountability and institutional effectiveness, and establishes a time table. The accountability plan has four components: (1) continuing the existing systemwide strategic planning process to provide a context for accountability; (2) collecting initial data on each of the 14 indicators, and issuing the first baseline report on each university, community college, and the system to the governor and Legislative Research Commission in December 1993; (3) using the baseline information to establish institutional performance goals consistent with system-level goals; and (4) issuing annual systemwide overviews and institution-specific progress reports in relation to these goals beginning in 1994. For each institution, the 1994 data will be compared to the 1993 baseline data and to the goals established in the goal-setting phase.

Extensive use has been made of the existing comprehensive data base on the public system to meet the reporting requirements of this new accountability legislation. However, fall 1993 will mark the first time similar data for students at the independent institutions will be collected pursuant to the Council's systemwide strategic plan. This will dramatically improve Kentucky's ability to monitor student progress.

**Minority Access, Retention, and Graduation**

During the early 1980s, the Council developed a Higher Education Desegregation Plan. In 1990, the plan evolved into the Kentucky Plan for Equal Opportunities in Higher Education (the Kentucky Plan) which later became part of the 1991 Strategic Plan. The Kentucky Plan includes institutionally specific objectives for minority enrollment and minority faculty employment. Legislation passed in 1992 provided that institutions that did not attain their objectives would not be eligible to apply for new academic programs. Because of the degree program approval stipulation of the 1992 legislation, institutionally specific objectives for the 14 community colleges must be included in the Kentucky Plan and the Council is currently in the process of adding them to the Plan.

**Budget for Accountability and Improvement**

The new accountability legislation included about one million dollars ($928,000) the first year (1992-93) and $1.5 million the second year (1993-94) for developing the reporting system and collecting the information mandated by the legislation during the 92-94 biennium. The vast majority of these funds were appropriated directly to the institutions with the remainder going to the Council to coordinate the implementation of this process. During the previous biennium, special incentive funding was appropriated for an institutional grant program to develop institution-based policies and practices on assessment of student outcomes. The Council on Higher Education's implementation plan supports these special funding initiatives for ongoing accountability efforts each biennium.

The accountability enhancement models described in the Council's publications have not linked planning closely to budgeting at either the state or campus level. However, once the baseline reporting and goal-setting phases are completed, the Council will be in a better position to assess the linkages among planning, accountability, and budgeting.

**Summary**

Kentucky has a long history of legislative and coordinating board initiatives for improving higher education. The Kentucky Accountability Enhancement Program was designed as a response to "public interest in outcomes of higher education." Only recently, however, did the legislature mandate a prescribed systemwide accountability process. The higher education community is in the first year of implementing its four-phase process of strategic planning, baseline reporting, goal-setting, and annual reporting. The program provides for the differences among institutional missions while establishing systemwide standards and goals. There are no built-in budgetary rewards for progress on the indicators, and it is too soon to determine the full range of the program's influence.

## LOUISIANA

### The Context

There are 13 four-year public colleges and 6 two-year public colleges in Louisiana. All of the senior institutions are managed by one of three governing boards—the Louisiana State University System, the Board of Trustees System, and the Southern University System. One of the community college campuses, which is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools, is operated as a unit in a local school system. Louisiana has one of the least developed community college systems in the SREB region. The state also has relatively few private institutions compared to other SREB states. The Louisiana Board of Regents is the constitutionally based coordinating board for higher education and has responsibilities for master planning, for program approval, review, and termination; and for recommendations on operating and capital expenditures.

During the period from 1984 to 1990, Louisiana experienced the lowest enrollment growth of any SREB state (2.2% compared to SREB average of 17.0%); state population remained virtually the same during the 1980s.

Louisiana experienced the lowest increase of all the SREB states in the change in appropriations for higher education in the decade from 1982-83 to 1992-93 (23% compared to the SREB average of 61.9%). The state also experienced the lowest increase in personal income of all the SREB states in the period from 1984-85 to 1989-90. In 1992-93, it ranked 9th among SREB states in appropriations for higher education per $1000 of income.

Over the past decade, Louisiana has experienced not only a difficult financial climate but has faced judicial and political challenges as well. One governor attempted to consolidate the three current management boards and coordinating board into a single governing board. A federal judge has ruled that the state should establish a single governing board as one of the remedies in the state's long-standing desegregation court case. The recently completed 1993 legislative session passed legislation that creates an Advisory Committee to formulate and recommend a plan of institutional accountability for higher education. Continued financial stress in the state is focusing legislative attention on the Board of Regents' master planning process. A cluster of policies developed by the Louisiana Board of Regents (LBR) have accountability impact for campuses. These are described as follows.

**Statewide uniform reporting system.** This policy initiative, adopted in March of 1991, has as its intent the standardization of definition and reporting of financial data. The LBR is currently engaged in a review of its funding formula, which has in the past been primarily an enrollment driven funding formula.

The LBR has developed a series of master plans and revises them every five years. The master plan is currently in revision stages, and none of the goals or other features of that plan were available in response to the SREB inquiry.

The LBR has had a process for reviewing and evaluating academic programs among state institutions, and has the authority to terminate existing programs. These program reviews can result in termination, commendation, continuation subject to specified improvements, or simply continuance. Over the almost 20-year history of this policy, the LBR has reviewed approximately 2,400 programs, terminated approximately 1,000 of those reviewed, and issued commendations for approximately 30 of those reviewed.

As a result settlement of oil severance tax rights between the state of Louisiana and the federal government, and a 1986 Louisiana constitutional amendment, the state established a $500 million trust fund to benefit both elementary/secondary and higher education. Annually, 75% of the interest received from the trust is divided equally between higher education and elementary/ secondary education. The LBR adopted policies that allocate these dollars to four purposes: (1) endowment of chairs for eminent scholars, (2) improvement in the quality of academic departments and units at universities (primarily through research equipment and instrumentation), (3) the recruitment of superior graduate students, and 4) research and development efforts. A total of $24.5 million was authorized for these four purposes in 1992 and $26.5 million in 1993.

**Summary**

An Advisory Committee to formulate and recommend a plan of institutional accountability in Louisiana higher education was created by the 1993 legislature. Responsibility for strategic planning is vested in the Louisiana Board of Regents, the state's coordinating board for higher education; a new version of the master plan for the state is currently under development. The Board of Regents' authority to terminate programs, along with the tight financial situation, has led to greater focus on mission and elimination of programs. This may also have reduced interest of the legislature in accountability measures. When funding doesn't keep up with inflation, concerns about how money is spent may not surface.

## MARYLAND

Since reorganization in 198? of Maryland public system of higher education, focus has been on quality, maintaining accessibility, increasing accountability, and improving the cost-effectiveness of higher education in serving the state. Under these broad headings the new Maryland Higher Education Commission developed a number of quality objectives, including:

(1) Clear mission statements that identify programs "targeted for excellence."

(2) Specific plans by public campuses to improve undergraduate education, with emphasis on general education core requirements.

(3) Plans to improve teacher education.

(4) Program review and approval linked to campus mission and state needs.

(5) State operating budgets that provide incentives for quality improvement.

(6) More effective recruitment of high ability Maryland students.

(7) Incentives for faculty to focus on teaching excellence and use of technology.

The state plan emphasizes the assessment of student outcomes and the achievement of "productive and efficient" use of state resources by each campus. Campuses will develop outcomes according to the following objectives:

(1) Outcome measures for each campus on:

  (a) program areas targeted for excellence,
  (b) improved undergraduate education,
  (c) improvement in teacher education.

(2) Accreditation of specialized programs.

(3) Ongoing assessment of placement and quality of graduates.

These objectives were incorporated into a 1990 state plan "Investing in People." This plan emphasizes on both Maryland's quality objectives and ambitions to have a first-rate higher educational system and on achieving a more efficient and more focused public higher education system. The plan recommends that the budget provide substantial incentives to implement state priorities for higher education, noting that "The state budgeting process is the most effective way to achieve change in education." The plan clearly anticipates use of the budget to implement its goals and recommendations.

### The Context

Maryland operates 13 four-year colleges and universities and 18 two-year institutions. The public system of higher education was reorganized in 1988, bringing most of the four-year institutions under a single governing board, the University of Maryland system; two four-year institutions operate outside that

system with their own governing boards. The two-year institutions are coordinated by the Maryland Higher Education Commission. During the 1980s, population growth for Maryland was virtually the same as the SREB average at 13.4%, and enrollment growth in higher education from 1984 to 1990 was 9.4% compared to the SREB average of 17%.

Maryland has the highest per capita income and the highest per capita state and local tax revenue in the 15 SREB states, but Maryland ranks 14th in appropriations to higher education per $1000 of personal income. Maryland also experienced a decline (from 8.8% to 7.8%) in state and local government expenditures going to higher education in the period from 1984-85 to 1989-90. In addition, the state has cut appropriations to higher education eight times in the last two years. In FY 93, the original 10% increase in appropriations has been eliminated by subsequent cuts. The University of Maryland system is currently phasing out 41 programs in response to fiscal pressures.

**Accountability**

The accountability and effectiveness features of the reorganization legislation of 1988 and subsequent legislation include:

In addition to the charge to the Commission in the reorganization legislation, the legislature subsequently mandated that each college and university president prepare a performance accountability plan that is based on the institutional mission and on the outcomes the institution expects to achieve.

To reduce unnecessary duplication, the legislature also mandated the preparation of mission statements, designed to lead to more efficient and effective use of state resources.

These institutional mission statements have been developed and were presented to governing boards and the higher education commission for review. In the mission statements, institutions identify up to five priority objectives they hope to achieve in the next five years. They are committing themselves to achieve these objectives, even if funding is not available from the state, in which case they have to reallocate internal institutional funds and priorities.

Another planning requirement related to quality improvement is that requiring (beginning in 1991) the institutions to submit four-year financial plans and an annual report on cost containment procedures. As part of the financial plan, institutions must submit information on a variety of instruction, research, service, and support indicators, which will help to indicate the productive use of resources by the campus.

The expectation is that the financial plan will lead to focusing resources on strong programs central to the institution's mission (and to state priorities), and will diminish resources for weak or marginal programs.

In cost containment plan, designed to be an ongoing review of selected programs and activities each year, campuses must identify how they plan to assess cost-effectiveness, and also how they intend to implement their reviews. One objective of cost containment is to relieve the pressure to continue to raise tuition and fees.

**Improvement**

The plan emphasizes focusing on missions and reallocating resources to the high priority programs and activities from the lower priority ones. The plan also envisions use of the budget to bring about improvement through special purpose funding directed at state priorities. Funds have been provided for selected incentives, including telecommunication, technology-related programs, and assessment of student learning outcomes. Other special priority areas that are identified in the state plan include improving undergraduate education and improving teacher education.

**Summary**

Maryland has adopted a planning process that identifies state-level goals and priorities for institutional action. Assessment and accountability reporting are integral parts of the plan, and institutions are responsible for developing sharper missions, developing assessment procedures that meet state guidelines, and connecting their planning and budgeting through financial plans and cost containment procedures. In the period since the plan was adopted, the fiscal crisis has directed all the attention on reallocation and selective cutting. Prospects that funds will continue to be inadequate indicate a need for major restructuring and redirection of effort, but the shape these major changes may take is unclear.

## MISSISSIPPI

### The Context

Mississippi operates 8 four-year colleges and universities and a medical center under the governing authority of the Board of Trustees. There are 20 two-year-colleges, each with its own board, coordinated by a State Board for Community and Junior Colleges. A recent United States Supreme Court decision has held that Mississippi continues to operate a segregated university system and has furnished a new legal standard by which the state is to remedy this liability. In a required response to the court decision, the Board of Trustees has proposed a plan addressing identified unconstitutional remnants of the prior system. During 1984-1990, enrollment growth in public institutions in Mississippi (17.8%) was approximately the same as average growth in SREB states.

Mississippi has the lowest per capita income of any SREB state, 70% of the U.S. average. However, it is one of six SREB states that experienced an increase in percent of state and local government expenditures for higher education in the period from 1984-85 to 1989-90 (from 10.1% to 10.7%) and, according to a 1993 issue of *Grapevine*, Mississippi ranks 3rd among SREB states in expenditures for higher education per $1,000 of income.

No legislative policies related to higher education accountability and effectiveness have been enacted as of this writing. Until recently the Board of Trustees of State Institutions of Higher Learning also had not adopted policies. Two recent actions, however, are clearly aimed at accountability, effectiveness, and efficiency. These are described as follows.

### Downsizing

The Board of Trustees for senior colleges and universities adopted for FY 1992-93 and FY 1993-94 a policy that requires institutions to fund salary adjustments and equipment/library acquisitions from reductions achieved in programs, services, and personnel expenditures. Reduction targets are specifically identified in 13 different areas. This Board policy made possible salary increases in two fiscal years with limited or no increase in state appropriations.

### Recommendations Related to Ayers Court Case

The United States Supreme Court has held that Mississippi continues to operate a segregated university system and has furnished a new legal standard by which the state is to remedy this liability. As a response to the decision, and as required by court order, the Board of Trustees proposed remedies to the areas of de jure segregation identified by the Supreme Court. The recommendations included the following:

(1) The state's eight existing universities would be reorganized into four level I institutions with a shared mission—Jackson State University, Mississippi State University, University of Mississippi, and University of Southern Mississippi. The other four institutions would be administered as "stand alone" affiliated units of the four level I universities.

(b) Alcorn State University would be operated as an administrative affiliation of Mississippi State University.

(c) Mississippi University for Women would be operated as an administrative affiliation of the University of Southern Mississippi.

(2) There would be systemwide automatic admission standards. Conditional admission would be available for all who fail to meet automatic admission standards and for any high school graduate who asks to be screened for admission. A summer remedial and year-long academic support program would be established for students identified, through screening, as needing additional academic assistance.

(3) Level I institutions would be responsible for all graduate work, with some reassignment of programs among the four level I universities.

(4) Program duplication would be reduced.

(5) Some administrative functions would be centralized.

(6) The veterinary school and dental schools would be closed.

These actions are projected to free approximately $13 million for reallocation to the newly structured universities. The proposal, as might be anticipated, has generated opposition from a number of interest groups. It is the only current example in the region of proposed radical restructuring of a higher education system. Although the impetus for the plan was the court's requirement for desegregation, the proposal also addresses financial shortages and would be an effort to operate a more efficient system.

The case is currently in the process of discovery and the deposition stage; a trial date has yet to be determined. The Board of Trustees is currently proposing adoption of the new admission standards prior to a final ruling of the court. These standards, if approved, would be effective for the fall 1994.

## NORTH CAROLINA

### The Context

North Carolina's public higher education consists of 16 colleges and universities and 58 two-year institutions. These institutions have two state-level governing boards—the State Department of Community Colleges and the Board of Governors of the University of North Carolina. Each university and community college also has an individual board of trustees with limited authority. Enrollments in both sectors have more than tripled in the last 20 years. The current enrollment of approximately 300,000 in public institutions represents a 14.4% increase in the period from 1983 to 1990, below the SREB average enrollment growth of 17.0% North Carolina has a personal income of 88% of U.S. average, and it ranks 1st among SREB states in expenditures for higher education per $1,000 of personal income. However, it was one of the states that experienced a decline in the percent of state and local government revenue for higher education (11.8% to 10.7%) in the period from 1984-85 to 1989-90.

Strategic planning is assigned as a responsibility of the governing boards for the two sectors, and recent acts of the North Carolina legislature have required assessment initiatives of the state's colleges and universities. The legislation did not apply to the community colleges, however.

### Strategic Planning—Universities

The Board of Governors for the University of North Carolina, which holds operational and management responsibility for the 16 public colleges and universities, issued its most recent long-range plan in 1992 as a report to the governor and legislature. This plan for 1992-97 continues the planning process the university follows by developing five-year plans and periodically updating those plans.

Eight "strategic directions" were identified in the 1992-97 plan and included these long-range goals:

(1) Provide opportunities for all North Carolinians to participate in higher education, consistent with their abilities and needs.

(2) Improve the quality of undergraduate education.

(3) Strengthen the role and scope of academic research to expand knowledge; to improve the educational experience, especially at the doctoral level; to stimulate economic development; and to improve the quality of life in the state and the nation.

(4) Strengthen the role and scope of public service programs to extend the benefits of higher education to more North Carolina citizens.

(5) Forge stronger linkages between the university and other educational sectors to improve the quality of education in North Carolina.

(6) Make appropriate use of information technologies to improve the quality, effectiveness, and productivity of the university's academic and administrative programs and services.

(7) Increase productivity in the delivery of the university's academic and administration programs and services.

(8) Acquire and effectively utilize the financial resources needed to fulfill the mission of the university and carry out its strategic directions.

Each of these eight "strategic directions" is accompanied by a set of activities designed to progress toward the goal. For example, under the strategic direction related to improvement of student learning at the undergraduate level, the plan proposes to use results of assessments in general education, in the major field, and assessments by peer evaluators and from alumni, in the improvement of programs and services.

The long-range plan includes mission statements for each of the 16 colleges and universities, and these mission statements include an academic program profile of existing programs at each degree level, including those to be terminated and those new programs that the institution is authorized to develop during the planning period.

A concluding statement in the University of North Carolina Board of Governors long-range plan, in the discussion of "planning assumptions," depicts the problem faced by much of higher education in the 1990s:

> In approaching the twenty-first century, the university faces a dilemma it has frequently faced during the past two centuries: (1) growing demands for educational opportunities and for programs which will meet current needs and (2) continuing limitations on available resources to meet those needs.

**Assessment and Accountability Legislation**

Senate Bill 44, Chapter 752, 1989 calls upon the Board of Governors to ask each institution to develop a plan that exhibits how the institution will measure its effectiveness in the areas of (1) student learning and development, (2) faculty development and quality, and (3) progress toward the institution's mission. Each plan is to include information concerning the institution's goals to improve and maintain its quality in these areas and to provide for annual assessments and the reporting of these assessments to the Board of Governors and the General Assembly. The legislation also directs the Board to identify a number of assessment measures that will be required on all campuses to insure systemwide assessment.

The North Carolina legislation stresses assessment related to the accomplishment of institutional mission rather than requiring or mandating assessments related to statewide goals. In working with each campus, the Board of Governors recognized the principles important to assessment: ". . . Each institution has a specific role and should be evaluated according to its success in meeting the goals related to its mission. . . Assessment must be developed in collaboration with the faculty, who bear the primary responsibility for the evaluation of student learning." In addition, the North Carolina approach to assessment recognizes that institutions already engage in a number of assessments and that "existing institutional or system wide information should be used where possible," and that "multiple methods of assessment should be preferred to the use of a single measure." *(The University of North Carolina: Institutional Assessment Plans, 1991-1995, Page 3.)*

In the three areas specified by the legislation, the Board of Governors for the University of North Carolina identified assessment measures that each institution will collect in areas that include: (1) student learning in general education, in the major, and placement and success of graduates; (2) faculty development; and (3) progress toward institutional mission, including accreditation and graduation rates, research, and public service goals.

In addition to the measures all campuses will collect, campuses are encouraged to develop additional assessment measures unique to each campus mission.

The purposes of assessment are summarized in the plan:

Assessment is important, not just because it can provide accountability or a guarantee of educational quality, but also because it can lead to the identification of problems and can contribute substantially to the improvement of quality. Unlike other approaches to assessment, which ignore or penalize the identification of deficiencies, this approach encourages institutions to reveal their problems and take steps to address them.

In response to the legislation, the Board of Governors makes an annual report to the General Assembly that contains three-year trend lines for a number of the systemwide measures and institutional profiles on each of the systemwide measures.

In addition, the analysis contains a summary report in each of the three major areas. As one example, the December 15, 1992 report indicated the number of high school graduates enrolling in one or more remedial courses declined by 15% between 1987 and 1991, and the percentage of freshmen returning for a second year of study increased from 76% in 1980 to 83% in 1990. The board attributes this improvement to its admissions policy that requires college preparatory courses in high school.

House Bill, 1340, 1991 requires that "The Board of Governors of the University of North Carolina shall adopt policies that will encourage the constituent institutions to have their students complete their degrees more quickly." A plan for implementation of these policies, including means of measuring its success and progress, was presented to the 1993 general assembly.

The plan submitted by the Board of Governors included the identification of those factors that are associated with graduation rates—family financial status, parental educational attainment, the student's academic preparation and achievement in high school, and the student's attendance patterns. The plan offers evidence of steps already taken by the university and measures of progress. The Board's plan establishes a cluster of policies designed to decrease graduation time using measures established in the systemwide assessment profiles.

**Fiscal Incentive Policies**

In 1985, the legislature implemented a policy to help the University of North Carolina establish endowed chairs with a two-to-one matching program. Grants of $167,000 will support a $500,000 endowed chair and a grant of $334,000 will support a $1,000,000 endowed chair. Two million dollars were appropriated for each of the first four years of this program; none for 1989-90; $1 million for 1990-91; $250,000 for 1991-92; and $1 million for 1992-93.

## OKLAHOMA

The Oklahoma State Regents for Higher Education initiated a planning and resource allocation program in 1990 designed to focus limited resources on high priority programs and operate in an efficient manner. This was a comprehensive approach that involved a planned increase in admissions and retention standards, together with student assessment to improve placement and performance of students.

### The Context

Oklahoma operates 12 senior colleges and universities and 13 two-year institutions. There are three system governing boards: one for the University of Oklahoma and affiliated institutions; one for the A&M institutions, including Oklahoma State University; and one for the five regional universities. The remaining universities and community colleges are managed by individual governing boards. The Oklahoma State Regents for Higher Education is a constitutionally based statewide coordinating board for higher education, with extensive budgetary authority and a history of political strength. Oklahoma had a 3.6% enrollment increase between 1984 and 1990, compared to the SREB average of 17%, and this percentage of enrollment growth was approximately the same as the state's population growth during the 1980s.

Oklahoma, like other oil producing states, experienced an economic downturn beginning in the early to mid 1980s; this led to no increase in the percent of state and local government expenditures devoted to higher education in the period from 1984-85 to 1989-90. The state's appropriations per FTE student are still slightly above the average for SREB states. Among SREB states, Oklahoma showed one of the smaller increases in student fees over the past decade. However, the Oklahoma State Regents are now trying to increase the student share of educational costs.

In recent years, a major educational interest of the Oklahoma legislature has been on K-12 reform. However, the legislature set up a higher education task force in 1986, which made a number of recommendations to guide Regents' planning and reform actions. These recommendations included greater campus accountability, higher admissions standards, more mission differentiation, and eliminating excess program capacity. Most of the policy initiatives related to accountability and effectiveness can be traced to the Oklahoma State Regents rather than to the legislature. Following are some of those initiatives.

#### Improvement

The central strategy the Regents have followed is for each institution to develop an academic plan, identifying program strengths that will be eligible for funding reallocation. These strengths will be consistent with the institution's mission and with state needs. They will have priority for funding increases over the other programs. Concurrently, there will be elimination of low priority programs. (Institutions have requested the deletion of about 85 degree programs, which the State Regents have approved.)

The strategic plan will be translated into budget requests. In addition, the Regents will continue a program review process designed to increase program rigor and effectiveness. New program requests must also meet Regents' standards for state need. Most, if not all, of the funding for new programs must come from reallocation of resources from lower priority programs.

The Regents, in their overall planning process, also called for each institution to develop, by spring 1992, a Regents' approved student assessment program for placing entering freshmen and to assess senior outcomes through licensing tests, GRE, etc. There is also a "mid-level" assessment of general education outcomes done near the end of the sophomore year. Results of these assessments will be reported annually to the Regents beginning in spring 1994. The Regents have specified criteria that assessments should meet, but have left the specific design of the program to each campus.

**Teacher Education**

In 1980, the Oklahoma legislature provided for an entry-level teacher "assistance program" to help new teachers achieve at an adequate level. Additional legislation in 1982 required persons entering teacher preparation programs to pass a content test. Legislation passed in 1992 requires the Regents to develop, by 1995, an "outcomes-based teacher preparation program."

The Regents launched a major external review of teacher education, which produced, in November 1992, a number of recommendations for strengthening programs, for eliminating weak areas within teacher education, and limiting each campus to programs they could do well with existing resources. In December of 1992, the Regents issued an action plan to implement the recommendations of the teacher education review.

**Summary**

The Oklahoma State Regents have developed a coordinated strategy to improve the quality and effectiveness of higher education. The strategic plan is based on development of more sharply differentiated missions, which at the state level, will be implemented by budget allocations that support the plan's objectives. The Regents are seeking increased funding for their quality initiatives, but their approach does not depend on increases in per student funding. There is a requirement for institutions to assess students, but assessment data and accountability reporting were not available when the strategic plans were developed. The Regents' design for the future is in the early stages of implementation; and therefore, its impact cannot be fully assessed at this point.

## SOUTH CAROLINA

### The Context

South Carolina operates 12 senior colleges and universities and 21 two-year colleges. Most senior institutions have their own governing boards, but the University of South Carolina is a multi-campus system that includes 5 two-year regional campuses, 2 four-year regional campuses, and the research university in Columbia. The 16 two-year technical colleges are governed by the State Board of Technical and Comprehensive Education. The South Carolina Commission on Higher Education is the coordinating agency for the state.

In the period from 1984 to 1990, South Carolina experienced a 24.6% increase in enrollments compared to the SREB average of 17%, while the population grew 11.7% in the 1980s. South Carolina experienced a decline in the percent of state and local government revenues devoted to higher education (10.5% to 9.2%) in the period from 1984-85 to 1989-90. The state ranks relatively high, however, (5th among SREB states) in appropriations for higher education per $1,000 of personal income.

### Accountability

Two major pieces of legislation in South Carolina constitute the principal expression of accountability policy. In 1988, "The Cutting Edge" legislation was enacted. In 1992, legislation was approved that requires reporting of specific statistical data and information about the institutional missions. More complete descriptions of these two acts follow.

### Act 629—The "Cutting Edge" Legislation

**Policy history and initiative** — This act was adopted in 1988 by the South Carolina General Assembly following a major study of higher education by Augenblick, Van de Water and Associates of Denver and proposed legislation submitted by the South Carolina Commission on Higher Education and collegiate institutions in the state. The two general goals of the legislation were to obtain funds to promote "programs of excellence" and to strengthen accountability via a stronger planning and assessment effort.

**Policy content** — Four improvement goals for postsecondary education were identified in the legislation: excellence for students, excellence in instruction and educational services, research for economic development, and improved accountability through planning and assessment.

The Act calls for the establishment of admissions requirements appropriate to the mission of senior colleges and universities, of a "Palmetto Fellows" scholarship program, and a plan for developmental education. The legislation also required calendar conversion for technical institutions and a limiting of college transfer offerings to those two-year institutions approved for that purpose (all public two-year institutions now have such approval).

A competitive grants program was implemented to assist in realizing the second goal aimed at improving undergraduate education. In addition a "Governor's Professor of the Year" award was established with a financial stipend of $5,000 to be given to the award recipient. A program of endowed professorships was also established, with a 50-50 match required of campus and state, and a salary enhancement endowment was established for technical colleges and two-year campuses in the state. This section of the Act required all libraries in the state to convert to computer based systems that allowed networking

among the colleges and universities. Finally, the Act endorsed the development of cooperative programs as a means of reducing unnecessary duplication and competition.

The third component of the "Cutting Edge" legislation established a "Research Investment Fund" to support research that:

(1) Has a direct, positive impact on economic development, education, health, or welfare in the state;

(2) Has an existing base in faculty expertise, resources, and facilities;

(3) Serves to improve the quality of undergraduate and graduate education for South Carolina citizens in accordance with the institutions' state missions as given in the commissioner's master plan.

Finally, the "improving accountability through planning and assessment" feature of the legislation required the State Commission on Higher Education to "maintain a statewide planning system to address strategic issues in public and private higher education." An Advisory Council on Planning was specified to assist the Commission in developing and maintaining a strategic planning process. An annual report detailing the results of the institutional effectiveness program is specified for all campuses, and the Commission is required to submit an annual report that summarizes campus results.

When the Commission published *Guidelines for Institutional Effectiveness* in February 1989, each campus was asked to include the following 18 components in its assessment plans:

(1) General education

(2) Majors or concentrations

(3) Licensure and certification performance for professional program graduates

(4) Program changes resulting from external program evaluations

(5) Alumni follow-up studies

(6) Entry-level skills for college work

(7) Success of students meeting college or university admissions prerequisites

(8) Remedial and developmental programs

(9) Achievement of students transferring from two-year to four-year institutions

(10) Undergraduate retention and attrition

(11) Minority student and faculty access and equity

(12) Academic performance of student athletes

(13) Assessment procedures for student development

(14) Assessment of library usage and

(15) Assessment of administrative and financial processes

(16) Assessment of facilities

(17) Assessment of public service

(18) Assessment of research

Reporting on these components was phased in over four years, with the Commission expanding its annual Summary Report on Institutional Effectiveness until all 18 components had been covered. Emphasis in the reports was placed on the interpretation of data and its use for institutional improvement. As the introduction to all four of those reports says, the Commission believes "that institutions that admit and address problems are being accountable and should be commended for their actions rather than condemned for their candor. Only if improvement fails to take place in a timely manner is it appropriate to require further remedial measures."

**Budgetary implications** — In the initial year of implementation the "Cutting Edge" program was funded for $5 million, although none of this was assigned to planning and assessment. In recent years, however, this has phased down to virtually zero. A profile of expenditures is as follows:

| | |
|---|---|
| 1988-89 | $5.0 million |
| 1989-90 | $5.0 million |
| 1990-91 | $3.5 million |
| 1991-92 | $ .5 million |
| 1992-93 | $ .5 million |

**Act 255—Annual Performance Reporting**

**History and initiative** — Unlike the "Cutting Edge" legislation of 1988, this Act was dominantly a legislative policy initiative. Passed in 1992, the Act requires senior institutions and two-year colleges to submit performance data on a cluster of 11 indicators for senior colleges and 7 indicators for two-year colleges. The Commission on Higher Education is required to prepare a summary annual report to the governor and general assembly by January 15th of each year.

**Policy content** — The Act requires an annual report which must include information on these 11 indicators for four-year postsecondary institutions:

(1) The number and percentage of accredited programs and the number and percentage of programs eligible for accreditation.

(2) The number and percentage of undergraduate and graduate students who completed their degree programs.

(3) The percent of lower division instructional courses taught by full-time faculty, part-time faculty, and graduate assistants.

(4) The percent and number of students enrolled in remedial courses and the number of students exiting remedial courses and successfully completing entry-level curriculum courses.

(5) The percent of graduate and upper division undergraduate students participating in sponsored research programs.

(6) Placement data on graduates.

(7) The percent change in enrollment rate of students from minority groups and the change in the total number of minority students enrolled over the past five years.

(8) The percent of graduate students who received undergraduate degrees at the institution, within the state, within the United States, and from other nations.

(9) The number of full-time students who have transferred from a two-year postsecondary institution and the number of full-time students who have transferred to two-year postsecondary institutions.

(10) Student scores on professional examinations, with detailed information on state and national means, passing scores, and pass rates, as available, and with information on such scores over time and the number of students taking each exam.

(11) Appropriate information relating to each institution's role and mission.

For two-year institutions, the reporting requirements include these seven elements:

(1) The number and percentage of accredited programs and the number and percentage of programs eligible for accreditation.

(2) The number and percentage of undergraduate students who completed their degree program.

(3) The percent of courses taught by full-time faculty members, part-time faculty members, and graduate assistants.

(4) Placement rate on graduates.

(5) The percent change in the enrollment rate of students from minority groups and the change in the total number of minority students enrolled over the past five years.

(6) The number of students who have transferred into a four-year postsecondary institution and the number of students who have transferred to four-year postsecondary institutions.

(7) Appropriate information relating to the institution's role and mission.

In addition the Commission and the institutions are required to develop a uniform set of questions to be included in surveys to determine alumni satisfaction.

**Budgetary implications** — There is no direct linkage or "incentive" related to this accountability legislation. There is, however, a disincentive for failure to participate, since the Commission is required to submit no appropriations request for any institution that has not submitted the required information.

**Summary**

As with many states, it is not clear what impact these accountability reports are having with legislative and executive officers. Members of the Commission on Higher Education do appear to be highly conversant with the content of the reports. The pattern of campus responses to assessment requirements is, as one would expect, very diverse, with some institutions leading the way and others responding a bit more slowly. There do appear to be, however, important and constructive outcomes associated with the two policies. Campuses that were originally reluctant, anxious, or perhaps a bit suspicious have discovered the improvement potential that can come from an honest engagement with performance data and the improvement questions that may arise from an analysis of performance data. In addition, a number of institutions have implemented major changes to improve programs and services.

## TENNESSEE

### The Context

Tennessee operates 10 senior colleges and universities and 14 two-year colleges. The universities are managed by two governing boards, the Tennessee Board of Regents and The University of Tennessee. The Tennessee Board of Regents is also the governing board for the state's community colleges. The Tennessee Higher Education Commission (THEC) is the coordinating agency and has responsibility for master planning, program review and approval, and recommendations to the governor and legislature on both operating and capital budgets for higher education.

During the period from 1984 to 1990, Tennessee's enrollment growth of 14.6% was below the SREB average of 17.0%, but this enrollment growth occurred with a population growth of just 6.2% in the 1980s.

Tennessee was one of six SREB states experiencing an increase in the percent of state and local government revenue devoted to higher education (from 7.4% to 8.1%) in the period 1984-85 to 1989-90. According to a 1993 issue of *Grapevine*, Tennessee is 11th among SREB states in state appropriations for higher education per $1,000 of personal income.

Tennessee was one of the first states in the nation to adopt a performance-based funding policy related to higher education; it was a policy initiative of the higher education community and has been strongly supported by the legislature. Accountability and effectiveness policies adopted in Tennessee take two forms--the aforementioned performance funding policy, first adopted in 1979-80 and Challenge 2000 legislation adopted in 1991, legislation requiring accountability reporting. More specific descriptions of these two accountability initiatives follow.

#### Performance Funding

The performance funding policy was developed as a primary initiative of the Tennessee Higher Education Commission and the state's two governing boards for higher education--the University of Tennessee system and the State Board of Regents system. A five-year pilot study that involved foundation-funded, campus-based pilot projects in about a dozen institutions led to an initial state program in 1979.

The program had strong support of key legislators and the governor. Institutional support was weak, although a few campuses were positive. The program was designed to stimulate instructional improvement at the campus level by building into the state's funding formula an additional amount that permits a campus to earn up to 5.45% beyond base budget, depending upon campus performance on each of 10 performance indicators.

**Budgetary implications** — During the most recent year (1991-92), approximately $20 million was awarded to campuses, ranging from a high of approximately $4.6 million to the University of Tennessee, Knoxville down to less than $50,000 for small community colleges. Over the 14 years, approximately $181 million dollars has been awarded. Performance funding is an integral part of the budget process, and funds are allocated as a percentage of the state appropriations to the institution, whether it increases or decreases. For example, the state experienced a budgetary cut between 1989-90 and 1990-91. However, the performance funding policy remained in effect, with the "performance" amount allocated dropping from approximately $20.7 million to $19.5 million.

**Policy content and form** — Institutions can earn a maximum of 100 points based on campus performance on 10 performance variables, each with 10 points. The measures include: (1) general education outcomes, (2) outcomes in major fields, (3) alumni satisfaction surveys, (4) program accreditation, (5) peer reviews of selected undergraduate and (6) all master's programs (for two-year institutions placement services), (7) enrollment goals for minorities, (8) student success and retention, (9) mission specific objectives, (10) improvement actions.

As examples of the range of possible institutional performance scores based on the maximum possible award of 100 points, during the 1991-92 year, campus scores ranged from a low of 60 to a high of 96. An institution with a score of 60 would get 60 percent of 5.45 percent of its state appropriations. If an institution scored 100, it would get all 5.45 percent.

**Policy evaluation** — The policy is now in its fourth cycle of operation that included an initial four-year pilot implementation cycle followed by two five-year cycles. Each five years, a task force of campus administrators, governing board staff, and commission staff review and make recommendations for changes in criteria and weights.

The incentive funding procedure has had the support of the two governors and key legislators, and is also supported by the governing and coordinating boards and their staffs. Because this has provided additional funding, the program has developed support by a substantial majority of the institutions, who see it as both a demonstration of accountability and a source of funds with no "strings" about how the money will be used.

**Challenge 2000**

As a state response to the establishment of the SREB goals project, the Tennessee General Assembly passed legislation in 1989 that set educational improvement goals for Tennessee and required annual reports on the achievement of these goals. This legislation replaced legislative "benchmarks" that were included in 1984 legislation as part of an earlier comprehensive educational reform act. An amended set of performance benchmark and reporting requirements was adopted in 1992. The purpose of this legislation is to provide public reports (for K-12 as well as higher education), which are designed to strengthen accountability and improve performance.

There is no direct link between the annual reporting on these various performance indicators and the budgeting process. Some of the measures are very similar.

**Policy content** — The original 1989 Challenge 2000 legislation required that the Tennessee Higher Education Commission work with the two governing boards and their associated campuses in developing performance goals. Six broad goals and specific measures of each were developed. For example: By the year 2000, Tennessee will be among the leading Southern states in providing education to its citizens. The specific measures adopted include: (1) enrollment, (2) percent of high school graduates entering higher education, (3) graduate and professional school enrollment, (4) vocational/technical enrollments, (4) percent of entrants graduating in six years (three years for two-year institutions), (5) graduation rates for minorities, (6) minority enrollment, (7) percent of two-year transfer students graduating from a four-year school.

Specific data for each institution compared with national averages and benchmark institutions in other states (where available) are also presented.

**Additional notes** — The state of Tennessee in 1985 funded two other program improvements, matching state money for locally raised funds for a) chairs of excellence and b) centers of program excellence.

**Summary**

Tennessee has a combination of improvement and accountability policies that are connected to the budget. Campus achievement is linked to the strategic goals developed by the higher education community. The extent to which the Challenge 2000 annual report and performance trends is read and referenced by both campus leaders and legislators is not clear. Tennessee's extensive performance funding and improvement initiatives have been operating long enough for evaluation of their impact.

## TEXAS

Texas has been among the most active states in the past decade in making policies designed to improve college and university performance and in establishing accountability policies.

### The Context

Texas has the largest public higher education system in the SREB states, enrolling more than 800,000 students in 40 four-year colleges and universities and 67 two-year colleges, and representing a 17% enrollment growth from 1984 to 1992. These colleges are administered by a combination of single campus governing boards and system governing boards. The Texas Higher Education Coordinating Board is the coordinating agency for higher education.

Related to the downturn in the oil economy in the 1980s, the growth of state support for higher education between 1983 and 1993 was lower than the SREB average (37.7% compared to 61.9%). There was also a decline in the percent of state and local government expenditures devoted to higher education, from 10.7% to 9.2% in the period from 1984-85 to 1989-90. Texas is 10th among SREB states in appropriations to higher education per $1,000 of personal income. Tuition in Texas has been historically low, relative to other SREB states. While tuition has increased rapidly in the last decade, it is still only 66% of the SREB average.

Texas has been, and currently remains, among those states struggling over equity financing issues for its K-12 schools. Texas also has experienced at least one lawsuit involving program and finance equity issues in its higher education system. Border institutions filed a lawsuit seeking larger appropriations and more graduate and professional programs; this suit is being reviewed by the Texas Supreme Court. Meanwhile, Texas operates one of the more extensive and expensive medical education systems of any state, and this system requires a larger share of total state funding than is the case in most other large states.

A decade of constrained funding combined with enrollment growth and other political-financial pressures has led to increased legislative concern over accountability and effectiveness of higher education. These concerns are expressed as follows.

### Effectiveness Policies

**Academic preparedness and remediation** — In 1985, the Texas Higher Education Coordinating Board (THECB) issued a report on the inadequate preparation of entering college students. This led to a legislative requirement in 1987 that every entering student in public institutions must pass an academic skills test (TASP). This legislation was modeled after an earlier requirement that every person entering a teacher preparation program (in a public or private institution) would have to pass a basic test. A single test to serve for public college entrants and teacher education entrants (in either public or private institutions) was developed. In addition, $36 million start-up funding for remedial programs was provided in the 1990-91 biennium. The course-based instructional costs of remediation are part of the formula funding process. About 30 percent of all entering students require some remedial work in one or more of the tested areas. In the 1992-93 biennium, remediation cost about $125 million. Institutions have to make an annual report to the THECB about the effectiveness of their remedial programs.

**Planning and goal-setting** — The legislation establishing the Texas Higher Education Coordinating Board (THECB) in 1965 specified that one of its major functions was to plan for the development of higher education. Early state plans did not have much influence on the budgetary actions of the legislature. During the expansion years of the 1970s and early 1980s, many new programs were added. (Texas has 600+ approved doctoral programs, a third of which graduate three or fewer students per year.) This expansion was funded by an enrollment driven formula.

In 1987, legislation was passed giving the Coordinating Board authority to establish a master plan for higher education in Texas. This was complemented by development of more focused mission statements for each public university. The plan is to be updated every biennium and can provide guidance for the development of the budget, although there is no direct link between the master plan and the budget.

In 1991, the governor's Office of Budget and Planning (OBP) and the Legislative Budget Board (LBB) passed a requirement for all state agencies (including higher education) to develop strategic plans that were to be the basis for developing and justifying budget requests. This new approach is designed to link planning, budgeting, and accountability and was used for the first time to develop budgets for the 1994-95 biennium. Each institution is now required to develop goals and priorities. These priorities were reviewed by the LLB and governor's office, and were then to provide the framework for developing the budget. Because a very large number of incentives and strategies were developed by institutions (there are 175 public colleges and universities, and each has multiple objectives), formula-generated budget categories that Texas has used in the past were substituted for the "objectives" in the 1994-95 budget. Strategic planning , as a rational planning-budgeting process, is being modified as it is implemented. A required educational opportunity plan was initiated in 1989 by then Governor Clements. The 1989-94 opportunity plan was a sequel to court-ordered planning and reporting on desegregation. (Texas had earlier been a part of a multi-state federal court requirement for desegregation planning and reporting.) Several programs initiated in 1980 or earlier in response to federal court requirements (for example, a minority scholarship program) were incorporated into the 1989 educational opportunity program. The program requires institutions to establish goals for minority recruitment and retention and to develop specific plans for achieving those goals over the five years from 1989 to 1994. Annual reports on progress are required, and special funding was requested, but not appropriated for incentive and initiative programs to increase minority participation. A new plan is currently being developed to take effect when the current plan expires.

**Performance funding** — The 1989 legislature directed the Texas Higher Education Coordinating Board to develop a plan for incentive funding. The THECB developed separate performance funding goals for health science centers, universities, and community colleges. The goals were designed to be measurable with existing or easily collected data, and the THECB suggested that two percent of the budget be allocated on performance criteria in FY94, and five percent in FY95. The THECB suggested weights for each of the 10 goals (performance criteria), and approved and submitted the plan to the legislature in 1992. The 1993 legislature has made a number of changes in the proposed funding, which will be included, if at all, in the 1995 budget at less than one percent of the appropriated funds. The "easy to measure" proposed standards for performance funding include some minority participation measures: number and percent of minority enrollment; some output measures, for example, remediation success and percent passing (and/or scores) national standardized tests for admission to advanced study (LSAT, GRE, MCAT, etc.). Other measures that require new data collection will be phased in during 1995 or 1996 if the legislature funds the proposal.

**Accountability Policies**

Performance funding is both an improvement incentive and an accountability reporting system. The educational opportunity plan requires biennial reporting, which is also an accountability report. Institutional reports on master planning goals can also be used for accountability purposes, while the new strategic planning process is designed to tie the budget and planning together, and to provide accountability.

**Summary**

The Texas legislature and legislative staff have been mandating policies for higher education that involve more accountability reporting and new ways of allocating funds. There is an attempt to connect budgeting more closely to goals and priorities, as well as to make assessment and reporting on progress toward the goals an integral part of planning and budgeting. Performance funding is another way that funding may be tied more closely to goal achievement.

## VIRGINIA

### The Context

Virginia operates 15 four-year colleges and universities and 24 two-year institutions. The four-year campuses and one two-year campus have governing boards, and the rest of the two-year campuses are governed by the State Board for Community Colleges. The State Council of Higher Education for Virginia is the coordinating agency. In the period from 1984 to 1990, Virginia experienced an enrollment increase of 18%, slightly above the SREB average of 17%.

Virginia ranks second among SREB states in per capita income and has a higher per capita income than the U.S. average (105% of U.S. average in 1991). It ranks 13th among SREB states in state appropriations for higher education per $1,000 of personal income. Its high per capita income, however, allowed Virginia to fund its higher education system relatively well during the 1980s, with salaries generally being among the highest in SREB states. The percentage of state and local government expenditures devoted to higher education declined from 10.4% to 9.7% in the period from 1984-85 to 1989-90. However, recent years have seen large budget cuts for higher education.

Higher education in Virginia has responded to a number of legislative policy initiatives. These include a legislative mandate for assessment initiated in 1985 and enacted in 1986 and more recent resolutions requiring the State Council of Higher Education for Virginia to undertake a variety of policy studies. These policy initiatives are described below.

The law establishing the Council directed that it prepare a plan for higher education and update that plan every two years. The Council has done so since 1974. The latest revision is the *Virginia Plan for Higher Education, 1991-92*. The three major goals have always been "access, excellence, and accountability," but the context in which the goals can be achieved changes.

The explosive economic growth of the 1980s has given way, first to serious recession and now to sluggish and problematic recovery. Higher education in Virginia is thus faced with an extremely difficult situation: increased demand from growing numbers of high school graduates during a period when little new money will be available.

The plan opens with a statement from university presidents, a statement that responds to the above-cited economic conditions and offering a set of proposals for progress. A second section of the plan summarizes how the 1992-94 budget affects higher education, detailing the shift of costs to students and families. Finally, Section III of the plan offers institutional mission statements and results from a statewide assessment initiative that began in 1986.

#### Assessment

This policy initiative had its origins in a 1985 Senate joint resolution, which directed the State Council of Higher Education to "conduct a study on student achievement in Virginia's public higher education system, and to investigate means by which student achievement may be measured to assure the citizens of Virginia of the continuing high quality of higher education in the commonwealth." In 1986, the Senate mandated that "every public institution of higher education develop a program to determine what its students knew and were able to do as a result of the collegiate experience." Legislation of 1989, as a part of the Appropriations Act, made assessment a permanent responsibility of the Council.

A Council of Higher Education task force prepared guidelines for assessment reporting, which are revised annually. The most recent guidelines require institutional reporting on: (1) assessment in general education, (2) assessment in major field, (3) assessment in remedial education, (4) alumni and non-completer follow-up surveys, (5) reports on off-campus credit instruction, (6) assessment of transfer students (for two-year colleges), (7) description of how assessment results are used for planning and resource allocation, (8) budget allocation and expenditure related to assessment.

Results of these assessments are reported every two years as part of the *Virginia Plan for Higher Education*. In its latest plan for 1991-92, the Council provides a summary description of "assessment at the five-year mark" for the universities and the community college system in Virginia.

Both the individual campus reports and the Council summary furnished in the 1991-92 plan include "improvement" success stories, such as changes in undergraduate advising at the University of Virginia, the implementation of a computer literacy program at James Madison University, and a reform of the remediation program at Clinch Valley College.

The preface statement in the 1991-92 plan makes clear the challenges: *Assessment is neither easy nor, for the most part, popular. Virginia has chosen to have each college and university develop its own procedures for assessing undergraduate learning, requiring only that each undertake the effort. The commonwealth is commended in national higher education literature for designing as well as possible a system of assessment that can lead to substantive curriculum improvement. But even those who commend us observe that the system has yet to yield much in the way of actual curricular change.*

**Legislative Policy Resolutions and Special Studies**

The legislature has also required the Council to study several issues. The first three of which are contained in a single report titled *The Continuum of Education.*

- *The transition between high school and college.* The 1992 Council report offered five recommendations affecting both senior and two-year colleges.

- *The feasibility of a three-year bachelor's degree program.* The Council response indicates that it is already possible for students to earn a degree in three years by taking advantage of dual enrollment programs (earning college credit while in high school) currently in existence.

- *The barriers to graduation that students might encounter.* The Council report presents a series of 11 recommendations directed to the elimination or reduction of barriers.

Further studies include:

- *Restructuring of higher education.* This report suggests how the state and institutions should prepare for the 65,000 students expected in the system by the turn of the century, given limited resources.

- *The efficacy of current education and workforce training initiatives in the commonwealth's public schools and institutions of higher education in preparing a skilled workforce for the 21st century.* A series of six recommendations by the Council and State Board of Education call for the development of "critical competencies" for different levels of the workforce, to involve both business and collegiate

sector partners; for supervised work experience in collegiate curricula; and for continuing development of reforms already underway in elementary and secondary schools.

**Commission of the University of the 21st Century (1989)**

The Virginia Commission on the University of the 21st Century was created by an act of the 1988 General Assembly. Members of the Commission include legislative officers; members of university, community college, and coordinating council boards; a private college president; and two out-of-state experts in higher education. The 20-page report, entitled *A Case for Change*, issued by the Commission included changes occurring within Virginia, within the nation, and over the world, and recommendations for dealing with the changing environment.

Presidents of Virginia's colleges and universities have presented two major follow-up reports to *A Case for Change*. The first of these was presented in July 1991; the second is dated January 1993. These documents paint a picture that would fit, in financial perspective at least, many SREB states in recent years. While Virginia has been generally perceived as operating one of the leading higher education systems in the nation and historically has been a well-funded system, recent years have seen higher education suffer a number of financial setbacks. Public colleges and universities experienced a 2% reduction in the 1989-90 general fund, an 11% reduction in 1990-91, and a 17% reduction in 1991-92. These reductions have been experienced in a time when enrollments have grown by eight percent. Meanwhile, capital outlay expenditures also stagnated. Two other changes also occurred. Student tuition was increased to partially offset the decline in state revenue support, and the majority of enrollment growth has fallen on the two-year college sector. In 1989-90 students paid about one-third of the cost of their education, but in 1992-93 they paid about one-half. As previously noted, these patterns can be found in a number of SREB states where decline in state support for higher education has been experienced.

The reports of the higher education community call for funding support that will restore cuts that have been experienced, a major investment in capital funding, and a concomitant effort on the part of state colleges and universities to restructure and to re-examine staff and faculty productivity and effectiveness improvements. However, the Virginia plan for 1991-92 also posed other, more dramatic changes as options. Two options described are the "planned, intentional degradation of the quality of higher education" and a second option is "to reduce the number of students the system serves...." These are rejected as undesirable options. A third option is to arrange for long-term increases in student fees, with development of a reformed program of student aid.

Finally, and most dramatically, the plan suggests the possibility of fashioning new relationships between higher education and the state. Citing parallels for the University of Pennsylvania and Cornell University, the plan cites the possibility of some institutions becoming "state-assisted" institutions. Such institutions would be subject to programmatic regulation but not the administrative regulation of the state, freeing them to respond to cost-containment pressures with maximum initiative and flexibility at the campus level. This option of transforming some institutions, and/or programs within such institutions, to semi-private status would be a major policy change.

## WEST VIRGINIA

### The Context

West Virginia is the smallest state in the SREB and lost population for three decades, until that trend began to reverse in recent years. It operates 12 four-year institutions, a relatively large number for its population compared to other SREB states, and only 4 two-year institutions, a relatively small number compared to other SREB states. However, 7 of the four-year institutions have community college divisions that deliver comprehensive community college education in their geographic service areas. In 1989, West Virginia reorganized its public higher education system, which had been under one board with a single chancellor, into two boards—one for the universities (6 campuses) and one for the state colleges (10 campuses). The new structure has two chancellors, but only one central staff. While its population was declining during the 1980s (a decrease of 8.0%), the state's enrollment increased by 8.4% between 1984 and 1990.

West Virginia has the second lowest per capita income in the SREB states. The share of tax revenues devoted to higher education is about average for SREB states, and the state was one of six to experience an increase in this share (from 7.6% to 8.6%) in the period from 1984-85 to 1989-90. West Virginia ranks 6th among SREB states in state appropriations to higher education per $1,000 of personal income. Thus, the effort is above average, but the low per capita income keeps state appropriations per FTE student well below the SREB average. There have been both governing board and legislative initiatives related to accountability and effectiveness, which are reported below.

### Quality Improvement

The 1989 reorganization was designed to differentiate the missions of the institutions in the different systems, and to bring more lay citizen oversight of higher education.

In 1990, the State College System adopted a plan for quality and accountability. Some of its main features are:

(1) **Mission Focus.** The State College System Board developed mission statements for the System and each institution, terminated a number of degree programs that were not cost-effective, and designated four degree programs at each institution that are especially unique or outstanding as "peaks of excellence."

(2) **Assessment.** Minimum standards were set for assessing the basic skills of entering students and placing each student in either college-level or remedial courses. Also, each institution has developed an annual process for assessing student learning of the general education core curriculum.

(3) **Limits on Expenditures for Intercollegiate Athletics.** Limits were placed on the amount of state funds and the number of student fee waivers that may be used for intercollegiate athletics.

(4) **Academic Alliances.** Each institution developed academic alliances involving college faculty members and public school teachers in the same academic disciplines.

The Board of Trustees of the University System issued an "initiatives" document that requires all campuses to: (1) focus resources, (2) increase administrative efficiency, (3) increase accountability, (4) provide service to the economic development of the state, and (5) maintain a strategic planning process that will continue to focus resources on major program responsibilities. Each of these parts of the "initiative" is described in greater detail, including action steps that will be taken to implement each part.

Each of the two boards is emphasizing mission differentiation, higher preparation standards for entering students, greater accountability, more assistance with economic development, and improving access for minorities and geographically undeserved areas.

**Accountability**

In 1991, legislation required all public institutions in both systems to report each year on a number of indicators of performance and operations. The more than 200-page first annual "Report Card" was published in December of 1992 as required. The purposes of this legislation were to:

(1) Provide basic data on about 25 indicators that can be used to insure the accountability of institutions of higher education.

(2) Provide information to the public, parents, and students on the quality and performance of each institution.

(3) Provide information to the governing boards to assess institutional and system progress toward goals, five-year plans, and operation of the resource allocation model.

(4) Provide a basis for comparing institutional and system performance with regional and national trends and norms.

During the 1992 legislative session, a 17-member select commission was appointed by the governor and legislature to study higher education and make recommendations for consideration in the 1993 legislative session. The Commission, which was named the Higher Education Advocacy Team (HEAT), included citizens, legislative leaders, a student, a faculty member, and a staff member. The HEAT report led to comprehensive legislation during the 1993 session that addressed four major areas: access to post-secondary education; accountability, efficiency, and productivity; education and workforce preparation; and issues related to the qualifications and compensation of faculty and staff.

Among other things, the legislation mandates that:

- Faculty members must teach an average of 10 percent more credit hours than faculty at similar institutions in other states and the number of FTE students per administrator must be 10 percent greater than at similar institutions in other states.
- Institutions must conduct periodic studies of graduates and their employers to determine placement patterns and educational effectiveness.
- All 8th grade students must take a standardized test to evaluate their preparedness for postsecondary education.

- Standards must be set for acceptance of advanced placement credit.
- Policies must be implemented to minimize textbook costs to students.
- Funding formulas must be implemented for the distribution of state operating funds between the two systems and within each system.
- An equitable system of job classification for classified employees must be implemented by January 1, 1994.

It also sets forth a 6-point agenda for education as follows:

(1) Students should be better prepared in high school to meet college standards jointly agreed upon by higher education and the public schools.

(2) More students should obtain education beyond the high school level for individual and collective economic development.

(3) Students should be prepared to compete in a global economy in that the good jobs will require an advanced education and level of skill that far surpasses former requirements.

(4) Resources should be focused on programs and courses which offer the greatest opportunities for students and the greatest opportunity for job creation and retention in the state.

(5) Resources should be used to their maximum potential and faculty and technology should be combined in a way that makes West Virginia higher education more productive than similar institutions in other states.

(6) The compensation of faculty, staff, and administrators should be established at competitive levels to attract and keep quality personnel at state institutions of higher education.